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THE ROOSEVELT PANIC OF 1907

By ADOLPH EDWARDS

He's loved of the distracted multitude,
Who like not in their judgment but their eyes.

Hamlet.

Well, whiles I am a beggar, I will rail
And say there is no sin but to be rich ;
And being rich, my virtue then shall be
To say there is no vice but beggary.

King John.



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I RETROSPECTION

Add an immortal title to your crown.—*Richard II.*

IN the course of time a man in clerical garb will stand before the earthly remains of Theodore Roosevelt and repeat the familiar words, "Dust to dust and ashes to ashes," and the gaping multitude will look on, as it always does, dumb, stolid and unflinching, before the last and greatest mystery of human existence.

<p>The Historian's Task</p>	<p>"The evil that men do lives after them," and the unmoved and inexorable historian shall submit to the judgment of unborn masses the record of the achievements of this</p>
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unique figure in the annals of American history. The ruin he may have caused, the homes he may have wrecked, the unspeakable misery of want and starvation, or of the dread of them, he may have inflicted, the reckless blunders, the wanton lack of judgment and deliberation, of which a nation of eighty millions, nay, the whole world, has suffered the inevitable consequences—all this shall be written, not in the heat of passion or under the stress of suffering, but coldly and with relentless deliberation, so that final judgment may be passed and an impartial verdict handed down to those who hereafter shall rebuild, haply on a more certain foundation, that which in violence and cruel haste has been destroyed.

Looking	Within the memory of men
Backwards—	not yet middle-aged are the
Hard Times	distressing incidents which accompanied the panic of 1893 and the subsequent period of commercial inertia—the soup and coffee-rooms in densely populated centres to fill the stomachs of those whose willing hands could find no employment, Coxey's army of the unemployed marching desperately on Washington, and all the ills which followed closely in the wake of the destruction of

confidence and the inability of capital to employ labor even at the poorest wages.

The Silver Craze—Return of Confidence A wave of madness, not unlike the present, was sweeping the land, and has gone into history as the "Silver Craze," born of money stringency, commercial paralysis, and the consequent desperation of empty stomachs. Then came the election of 1896, the glad cry of "The Full Dinner Pail," and slowly, like an awakening giant, the country, stimulated by the tonic influences of a return of confidence, came to a realization of its strength and resources, progressing by leaps and bounds, as no other nation has done before it, until a measure of well-being was vouchsafed to the poorest citizen, greater than any that the world had ever known.

McKinley's Fitness for the Office of President William McKinley, a man of rare personal magnetism and charm, seemed particularly called to rehabilitate the credit of the country, to encourage its industries, and so to elevate it among the nations of the earth that Americans became proud to be known as citizens of what promised to be, financially, commercially and industrially, the most powerful Sovereign State of the world. Dreams of military prow-

ess have been, and fortunately still are, very foreign to the American mental constitution. Military duties have never been prominent among those for which fathers desired their boys especially to be fitted.

McKinley
Man of
Peace

But under the skilful leadership of William McKinley a righteous war was brought to a successful issue and large new areas were added to the territory of the United States. All of these accomplishments were not of the President's seeking. His tasks, as well as his inclinations, led him more particularly along the paths which conducted to the re-establishment, moral and physical, of his countrymen. Toward this end he labored steadfastly with that quiet dignity and resoluteness of purpose that so greatly distinguished him, and the magnitude of his success must surely, during the closing days of his life, have been gratifying even to him.

His the True
Type of
American
Citizenship

It is natural that foreign peoples should judge our individual characteristics by those of our Chief Magistrate, and at no time during the incumbency of William McKinley did he betray any quality not consistent with the highest type of American citizenship. Not only in the proper

and orderly conduct of the affairs of State, but in those rich and noble qualities of heart and mind, so tenderly manifested in his unfailing devotion in his home life, he bound himself to the hearts of his countrymen with the bonds of an almost sacred affection which in these trying times of governmental hostility, violence and malice may well be regarded with holy reverence.

The At a time when McKinley was
Beginnings of already a veteran Congress-
Roosevelt man, a young man in New
York City was dabbling in politics. He
had been a member of a Free Trade Club
(later ran for President on a High Tariff
platform); he was an unsuccessful can-
didate for Mayor of New York, and later
occupied a position as Police Commis-
sioner, which offered an opportunity for
the display of that strenuousness which
later in life he was destined to use with
such dire consequences in a more exalted
position. His occupancy of the position
of Assistant Secretary of the Navy, his
almost hysterical eagerness for a war
with Spain while holding that post, his
mental exaltation when war was finally
declared, his boyish enthusiasm in the
mustering of a motley crowd of plains-
men and cowboys, untrained in military

tactics, his widely exploited experiences at Santiago during which he displayed remarkable exhilaration over the bloodshed and carnage he encountered, his subsequent return to America and election to the office of Governor of New York, are sufficiently familiar and offer abundant evidence of that craving for excitement and self-advertisement which is usually associated with the period of extreme youth or with a condition of unbalanced mentality, such as would seriously unfit him to assume the graver responsibilities involved in the administration of the affairs of a nation of eighty millions.

A Sacred Vow
Dragged in
the Dust

It is within the memory of the youngest voter that this man stood at the bier of the martyred President and there uttered a vow to adhere to those policies which had so efficiently contributed to the advancement and well-being of the nation. How that vow has been wantonly violated is now only too bitterly realized by those who have seen their entire fortunes swept away and find themselves, many at the close of their careers, confronted with absolute poverty and want. It will be keenly realized by the President himself

if, during the period of the next few months, those to whose baser passions he has catered shall rise in the desperation of empty stomachs and starving families to execrate and revile him for his unfaithfulness to the sacred trust imposed upon him.

II

THE MAJESTY OF THE LAW

Evils of Unwise Legislation It is generally conceded that one of the greatest dangers of our present system of jurisprudence lies in the great multitude of unwise and needless legislative enactments that are railroaded every year through our various law-making bodies. It is evident that the greater the number of laws the more difficult it is for the citizen even of law-abiding habits to keep within the law. In order to become acquainted with only a small percentage of the laws which are annually passed in his own State, the individual would have to devote all of his leisure time to this class of literature. Yet ignorance of the law is no excuse for its violation, and the law-abiding member of the community should, therefore, in these days of riotous

governmental prosecution, examine closely into every detail of the business under his control, however far-reaching and complicated its organization or ramifications; should keep a watchful eye on the actions of every member of his family, and should proceed with the utmost caution in whatever activities he may be engaged, lest he be haled before a magistrate and be mulcted, for violations of the law committed in ignorance, possibly years before, in the sum of one, five or thirty millions, or as much as the magistrate might think he was able to pay. Incidentally he might be sent to jail.

**No Safety
for Law-
breakers**

It is not difficult to conceive that there may be many thousands of otherwise reputable citizens who ignorantly violate some law almost every day. Many there are who do so knowingly, who would be unable to conduct their legitimate business without such violation, but who thoroughly understand that their lawlessness, having been constantly winked at by the Government for a considerable length of time, will continue to be permitted indefinitely. Yet these men are by no means immune, for any incoming Executive may "view with alarm" their disrespect of the majesty

of the law, and at his mere caprice their businesses, lands and chattels may become forfeited and their own persons be seized and imprisoned.

Ridiculous Let it not be presumed from
Laws what is written here that it is the purpose to palliate disregard of the law, but to point out the grave menace to the community of reckless legislation which is as likely to affect the rights of the meanest citizen as the most upright member of the community. It is this legislation, hastily enacted and remaining unenforced on the statute books, that creates that lack of respect for the law which is becoming more and more apparent in the business community. Nothing more than this tends to a general lowering of the morals of the people as a whole, leading as it does to the creation of the sentiment that all laws may be lightly regarded because some of them are incapable of enforcement and should never have appeared on the statute books of the country.

Is the President Superior to Law? But if it is a dangerous policy that the individual should be permitted to entertain the opinion that the law of the land may be violated with impunity, how much more dangerous is it if the Chief Executive of the nation

fosters the belief that he himself is superior to the law and may with impunity disregard those rights of the individual which it is the purpose of the law to safeguard? The violation of law by a private citizen should be discountenanced and punished, but the possibility of widespread damage in such instances is so small as to be almost negligible when compared with the consequences of a lack of proper regard for the law by the very person to whose keeping is confided its administration.

High-handed Measures By various hasty and ill-considered proceedings the President has laid himself open to the charge that he himself is not a law-abiding citizen. There is an honest difference of opinion among those competent to pass judgment upon the prerogatives of the Executive whether the wholesale discharge of a regiment of soldiers in time of peace and without due process of law was not a lawless act. The withdrawal of the license of an experienced pilot on the Mississippi, after a generation of service, without affording the accused an opportunity of defending himself in an orderly fashion, if it was not a lawless act certainly displayed an assumption of arbitrary power hardly demanded by the cir-

cumstances of the case. If in matters such as these the President oversteps his power he is a lawbreaker, no better and certainly no more entitled to clemency than the meanest citizen that appears before a magistrate on a charge of disorderly conduct. But the President cannot be fined—not even Thirty Million Dollars' worth.

Noisy An abortive attempt at the ad-
Publicity ministration of the law is in-
stanced by the tin-horn, brass band meth-
ods employed in the investigation of the
meat-packing industry, costing the country
millions of dollars of foreign trade and
temporarily crippling an industry giving
employment to tens of thousands of peo-
ple. If it is true that the canned meat
and allied products are offered to the pub-
lic in more tempting garb than heretofore,
under the inspection of the gilded satraps
who are drawing the public's money in
salaries and perquisites, there is no evi-
dence of that fact within the knowledge
of the ordinary consumer. But whatever
may have been the result, it is beyond
cavil that the same end might have been
achieved without the calcium-light, ghost-
dancing publicity that held the country
up to the scorn of the civilized world.

III

IMAGINARY EVILS

Monopoly Impossible Nature abhors a monopoly as it does a vacuum. The Express Companies, with their system of money orders and quick deliveries, compete with the Post Office monopoly conducted by the Government. In foreign countries, monopolies for the sale of merchandise are owned by the Government; but, even in those countries, smuggling is carried on and an illicit trade conducted by those who are sufficiently courageous to run the gauntlet of governmental supervision.

No Restraint of Trade Under our laws, combinations in restraint of trade are prohibited. It is doubtful whether any such combination exists to-day in the United States. The fact that the present Administration, with all its delirious eagerness to convict some prominent "malefactor of great wealth," has been unable to secure sufficient evidence to bring to a successful issue any litigation of this character, is good evidence that violation of the law in this respect does not exist.

Trusts Cannot Control Prices Much has been said regarding the damage done to the country as a whole by the so-called Meat Trust, a combination of packers who are popularly believed to be in control of the meat industry, and to be able thereby to regulate the price of this commodity. Yet it is a matter of recent history that a reduction of ten per cent. has been made in the price of beef, and the reason is that production has outstripped demand. Under such a condition no single corporation or combination can maintain the price of any commodity, the rantings of demagogues to the contrary notwithstanding. The prices of tobacco, leather, cotton goods, breadstuffs, and all commodities of general consumption, will continue to be regulated in the future, as they have been in the past, by natural laws independently of human effort to the contrary.

Standard Oil, Rivals It has been said that the Standard Oil Company is the one real monopoly of the world, and yet it is a fact that independent refineries are today selling oil in the markets of the United States in competition with the agents of this giant corporation. The fact that they are able to do this is evidence that no monopoly of oil exists.

American
Commercial
Success

That the Standard Oil Company, by the genius and ingenuity of the men who control its business, has been able to effect economies in the distribution of its products to such an extent that it has outstripped its competitors in certain sections; that these men of American birth and education have been able by their peculiar gifts to construct an organization, perfect in almost every detail, which to-day, in its gigantic proportions, in the smoothness of its workings, and in its great money-making power, is the marvel of the world, is an achievement of which Americans may well be proud—prouder even than of the shedding of Spanish blood on San Juan hill. For the one means death—gruesome death, of which every reasoning man and breathing creature stands in terror—and the other means life and competence and happiness to thousands of human beings who otherwise might be overwhelmed in the great struggle for existence; the one means the setting of the hands of the clock backward to the days of human savagery, to the days when might meant right, to the days when man roamed the primeval forests little better than the beasts, preying on his kind; and

the other means the accomplishment of those ideals to which the civilization of the world is tending—the establishment of the brotherhood of man, and of the eternal principle that man shall seek his livelihood and his happiness by the sweat of his brow, and not by the shedding of blood.

Who Saved the Day ? It has been said that the country stands in grave danger by reason of the actions of certain “malefactors of great wealth,” among whom may be mentioned many of those most prominent in the history of the development of the industries of the country. It was men like Harriman, Rockefeller, Morgan and Stillman who threw themselves into the breach when the distracted multitude was clamoring at the doors of the banks for its money during the week ending October 26, 1907; and this at a time when the President was slowly recovering from the exhilaration caused by the slaying of “semi-domestic fat bears” in the cane-brakes of Louisiana.

Unparalleled Philanthropy John D. Rockefeller, who is presumed to have benefited most extensively by the profits of the so-called Oil Monopoly, and who has borne the brunt of much vituperation both from private and governmental sources, has

made provision for the distribution of a sum said to be in excess of \$150,000,000 for the benefit of his countrymen. Andrew Carnegie has expressed the purpose of distributing his entire immense fortune for philanthropic purposes before he dies. These are only two of the most prominent examples of the benefactors who the present Administration would have us believe are "malefactors of great wealth." Great, indeed, must be the desire that his fellow-beings should share with him in his prosperity, when a man bequeaths the greater part of or his entire fortune for the benefit of mankind. If these are monopolists and malefactors, Heaven grant that these United States of America may have many such; and God help the American people if they have so far lost their reason that they will permit men such as these to become the butt and target of political demagogues.

Honesty Essential to Success	The policy of the present Administration is to hold these men up to the American people as lawless members of the community, lacking in all scruple and principle. Nothing can be more prejudicial to the morals of the rising generation than to inculcate the doctrine that it has been possible for
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men to achieve so great a measure of success by dishonest and unscrupulous methods. There is no walk of life in which honesty is so important an essential of success as in mercantile operations, or in which surer and swifter punishment is meted out to those who transgress the moral code of the community. Confirmation of this is to be found in the recent examples of men who hitherto have stood high in the financial community but who, by reason of questionable methods, have brought upon themselves utter ruin and disgrace. It is because the present Administration has sought, by every conceivable means, to bring the leading members of the financial community, the Rockefellers, the Harrimans, and the Morgans, into disrepute, that the present distrust among the ignorant, and the consequent misery, are caused; and it will not be until the public mind has been disabused of these fallacies, until it is generally recognized that many of the evils which it is sought to correct are purely imaginary; until it is shown that these imaginary evils have been conjured up for the purpose of realizing a petty political ambition; until the President of the United States discards the lamentable habit of standing on the

front porch of the White House and indulging in cheap epithets, that we can hope for any return to normal conditions.

**High
Morality
Standard** The gratuitous assumption on the part of demagogic leaders that the moral plane of the financial community to-day is lower than it was in the former generation, in the period when the Goulds, the Fiskes and the Drews were more or less in control of the financial destinies of the community, is as vicious as it is unfounded. The evidence is that our financial leaders stand higher in the money markets of the world, and that our securities are looked upon with greater favor in foreign countries, at the present time, than ever before in the history of the country.

**American
Railroads
Under-
capitalized** Much has been said with regard to the alleged over-capitalization of our railroads and industries, but it now appears that the capitalization of the railroads of the United States, per mile, is less than one-fourth of that of British railroads, and that on this modest capitalization a very moderate average return of four per cent. is derived. In the light of these facts it will be readily seen how outrageously absurd and demagogic are the attacks

which have been made upon the railroads of the country.

The Citizen's
Privilege to
be Foolish

Such evils of over-capitalization as may exist inevitably right themselves, and the conservative investing public may safely be relied upon to furnish the corrective wherever such abuses may appear. It is the constitutional prerogative of the individual to be foolish, so long as his folly does not interfere with the rights of his fellow-citizens. No law can be enacted that will prevent the individual citizen from investing in mining stock at ten cents per share in the hope that he will be able to sell the same stock at a figure many times greater than his purchase price. Although sporadic efforts have been made in that direction, no law has ever been devised that will prevent the public from gambling in securities or in the commodities of general consumption. But, whatever may be the evils of speculation, they are not to be compared with those that have been wrought by the President himself upon the financial community. It was not surprising, though most lamentable, that his spectacular methods should have won the approval of the unthinking masses. The applause

with which his utterances have been greeted was like incense, and inspired him with courage to proceed along those lines which he ignorantly supposed would bring him greater renown. The slaughter of the corporations appealed to him as "bully sport," and our President loves to pose as a sportsman. Whether he is hunting Spaniards at Santiago, or good-natured bears in the jungles of Louisiana, the scent of animal blood is the keenest of delights, and the lust to kill grows stronger in his animal nature with every fresh conquest.

IV

EXAMPLES OF MED- DLING

Unsettlement of the Coal Strike	During the early days of the Rooseveltian era of interference with the normal business conditions of the country a great strike was in progress in the anthracite fields of Pennsylvania. The usual accompaniments of violence and bloodshed were present. The mine owners were strong in their assertion that, if the necessary military protection were afforded, they would be able to operate their mines, but the backbone of the then Governor of Pennsyl-
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vania boasted of an inordinate quantity of cartilage. Either through actual fear, or through a desire to captivate the labor vote, the Governor was unwilling to apply the necessary measures for the protection of the property holders and confessed himself unable to cope with the situation. Under these circumstances there can be no doubt that had it been the fortune of the country to have at the head of the Government a man of the calibre of Grover Cleveland the disturbance would have been quelled with the same promptness as was displayed at a similar juncture when the railroad strikers at Chicago were disturbing the peace, and the Governor of Illinois was either unable or unwilling to subdue the riotous mobs that were destroying public and private property within its boundaries.

Protection It is a principle of the ethics
Refused of arbitration that no one should seek the office of arbitrator; that both parties to the dispute should make a request for arbitration before it is offered. In the case under discussion, the President's action was as astounding as it was unprecedented. Instead of protecting the lives and property of the citizens by requiring that peace should be

established in the region under revolt, or by sending an armed force to protect those who were desirous of working if it were made clear to them that their lives would not thereby be jeopardized, he holds a hasty conference with the leaders of the revolt and summons to the White House, under the form of a request, the distracted mine owners who, unable themselves to protect their property, were denied the protection which it is the province of the Government to extend to its citizens. Under the veiled threat of incurring the displeasure of the Administration, they were obliged to make peace with those who had risen in armed rebellion for the purpose of destroying their property, with the result that the price of coal since that period has been higher than ever before.

Reformed
Spelling—
Naturalist

Aside from the interference with the business of the country, the President has shown an irresistible impulse to meddle with affairs which are of a purely private nature, and many of these peculiar manifestations of his restless and strenuous nature have led him into predicaments that have often provoked amusement. At one moment we find him engaged in pro-

moting the sale of "The Simple Life." Again, amid his multitudinous duties, he finds time to devote his attention to reforms of spelling, football, the habits of domestic and wild animals, the morals of the private citizen and his home life.

Race It is hardly to be wondered at
Suicide that a man possessed of such animal spirits should have seen fit to proclaim the doctrine that a woman's chief duty was to bring children into the world, which is the same as saying that a man's chief duty is to be the cause of their existence. It would appear to be considerably more to the point if it were said that a more important duty of the mother is so to rear such sons as she may have, that should one of them ever occupy the exalted position of President of the United States, he may so conduct himself as not to create misery and poverty in the place of prosperity and happiness; and her daughters so that they may conduct themselves with such modesty, and be such types of the real gentlewoman, that should one of them happen to occupy the position of eldest daughter of the President, and should she thereupon have the fortune to marry a highly estimable and conscientious congressman, she may not be

paraded by the yellow press of the country until the public becomes satiated with the exaggerated accounts of her most trivial actions. These are matters which the ordinary woman, if too busily occupied in the pursuit of bringing children into the world, may really be pardoned for overlooking; and yet it may reasonably be contended that they are of equal if not greater importance.

Unsound Mental Processes The mention of collateral evidence such as this, tending to establish the unsoundness of many of the mental processes of the President, when they are occupied with matters outside of the realm of the administration of his office, is of service in discussing the capacity of this extraordinary figure to conduct those affairs with which the nation is more immediately concerned. His unbounded confidence in his own popularity, in his ability to rise superior to the mistakes and follies he may commit, is one of the most dangerous characteristics which may be attributed to him.

Classification In a recent market letter, a prominent brokerage firm of New York divided the American people into three classes:

- (1) Those who learn by knowledge;
- (2) Those who learn by experience;
- (3) Those who never learn at all.

If it be true that the American people may be thus classified, it would be interesting to determine in just what class the President belongs. That he has learned by knowledge, by which we suppose that the writer of the letter means to say *intuition*, is contradicted by the many errors into which he has fallen. If it is possible for him to learn by experience, Heaven knows his experiences have been sufficiently varied; and if he belong to this class it is not unreasonable to hope that he will shortly suffer such a readjustment of mental equilibrium as shall cause him to recant the many fallacies and chimeras to which he has given utterance, and thus, by contributing to the re-establishment of the finances and business of the country, make atonement for the havoc which his rashness may have occasioned. Should he belong to the third class which we have mentioned, the public must resign itself to the prospect of continued disturbances and be prepared for additional disaster.

Spectacular Methods To whatever class he may belong, he may be presumed to be sufficiently sane to recognize that so far as his popularity is concerned he is rapidly losing ground. Not only is this the case in this country, but it is evident that popular sentiment is turning against him in the outside world. The French people, ever wont to follow with enthusiasm the man on horseback, have been ardent admirers of the spectacular tendencies so repugnant to those who have been educated under republican ideals. The summoning of warships from far and near for an annual review at the President's private home at Oyster Bay was one of the manifestations of this peculiar characteristic of the President's temperament, and was precisely of such a nature as to appeal to the Latin populace.

Russian Bonds But the French people have had other and more potent reasons to love Roosevelt, not the least among which is the alleged statesmanship displayed by him in bringing a victorious nation to its knees at Portsmouth, and exerting such moral suasion as to convince it that it was its duty, after having annihilated its enemy, to allow him to go scot-free and to pay not one cent of indemnity.

Was it to be wondered at that the French investors in Russian bonds should rub their hands with glee and cry "Bully"?

Waning
Popularity
in France

It is interesting to note, and would have been humorous had it not been for the seriousness of the situation, that there was a sudden and remarkable revulsion of feeling at the French capital when French investors in Westinghouse, Pennsylvania and other American securities were hit in the Roosevelt panic. The *Matin* awoke to find that its idol's feet were made of clay, and other prominent French journals united in decrying the man who had saved the day when the Russian Empire was tottering and Russian bonds were being hawked about the markets of Europe impossible of sale. It is not difficult to conceive what might have been enacted in the streets of Paris if Roosevelt had been a French President, and if he had had to reckon with an excitable Latin populace clamoring, not at the banks, for that would be a waste of time, but at the doors of the Executive Mansion, with demands for vengeance.

Americans
Must Use
the Ballot

But if the American people partake of the phlegmatic nature of their forebears, they

also have inherited from them the determination and steadfastness of character which so often have been manifested in the various crises that have occurred in the history of the country. Their indignation is none the less sincere once they have become the victims of a shallow and ruinous policy. While the French people would have been exhausting its energies in frantic rage, the American people will march in solid phalanxes to the voting booths, and there record their disapproval. The popularity of the President may well have caused serious doubts to arise in the minds of thinking people as to the ability of the public to weigh the consequences of a reckless administration of law. But let us not forget other occasions when the American public has shown itself able to solve in an orderly fashion the problems which confronted it. It is not surprising that we should have lost faith in the President. Let us not lose faith in ourselves.

SOME REAL EVILS

Present In arriving at the causes of the
versus Past present unsettled condition of
the country's finances, it is necessary to
take into consideration various unsound
conclusions that have been deduced from
uncertain or absolutely false premises. It
would be worse than idle to close our eyes
to the fact that there have been abuses
and evils in the financial and business
world; but if it can be shown that these
abuses are no greater than have always
existed, that the funds entrusted to those
who have in charge the management of our
financial institutions are cared for with
the same diligence and conservatism as may
be assumed to have been usually exercised
in former periods of our history, that the
code of morals governing the conduct of
affairs of this nature is as strict, if not
stricter to-day than heretofore, and that
by reason of the very fact that the general
moral tone of the community is higher than
ever, such evils as have been shown to ex-
ist have been more severely criticized, it
is then evident that we must look elsewhere
for the real cause of our present distress.

Policyholders' Interests It is only necessary to recall to mind the happenings in the financial world of some decades past, in order to appreciate the fact that men in those days were no better as a whole, if, indeed, they were not considerably worse, than they are to-day. No impartial observer of our present conditions will dispute the fact that such an occurrence as the purchase of probably the most important railway franchise of the city of New York could not to-day be effected by the wholesale purchase of its Board of Aldermen. The contribution of money by a large insurance company to a political campaign for the purpose of assisting in the election of a President on a platform which was calculated to safeguard the interests of its policyholders, which to-day is looked upon as a crime, and for which one of our prominent bankers has been under indictment, would undoubtedly, years ago, have been considered quite within the rights of the company in question. Even to-day it is seriously open to question whether the more conservative body of policyholders would not unanimously concur in the opinion that it was the duty of those to whom its interests were entrusted, to use the funds of the company for this purpose.

Evils of Undoubtedly the investigation Extravagance of the methods employed by those in charge of the large insurance companies brought to light evils of extravagance, and demonstrated the absolute lack of scruple on the part of many of those entrusted with the management of their affairs. But in connection with the investigation, and in the consequent publicity which was given to these matters, there were many absurd vaporings on the part of those who could see nothing but wholesale fraud and criminality of purpose. It is not unreasonable to suppose that the average policyholder would be willing to contribute to the elaborate office furnishings which characterized the private sanctums of the presidents of these companies, for, after all, the cost of these caprices falls lightly upon the individual policyholder, who undoubtedly would prefer that a capable president should be paid a salary of \$100,000 per annum, at an annual cost to each policyholder of approximately 25 or 50 cents, than to have in his place a man who would be satisfied with a more moderate remuneration, but who would be less capable of managing the affairs of the company.

**Immediate
Results of the
Investigation**

While it would be useless to dispute that the house cleaning, which was undertaken in this branch of the finances of the country, will in the long run redound to the benefit of the community, on the broad assumption that evil should be eradicated wherever it is found, nevertheless the splendid work which was done by Governor Hughes as counsel for the Armstrong Committee, in its immediate effects, was highly detrimental to the extent of crippling the business and throwing large numbers of agents out of employment. It is evident that the policyholder prospers in proportion to the prosperity of the company in which he is interested. The more business his company does, the greater are likely to be his returns from his investment, and when the company of which he is a policyholder is brought into discredit, it naturally follows that he must suffer in common with the rest of the large body of policyholders. There is no evidence of any immediate possibility of the individual policyholder receiving any pecuniary benefit as the result of the investigation, and it will doubtless be many years before the confidence of the public is fully restored with respect to this class of invest-

ments; and it is quite possible that the disclosures which have just been mentioned have had a contributory effect upon our present condition.

The Trust Companies Considerable criticism has been directed at the methods of the Trust Companies. It is said that their officers are guilty of reckless management in offering exceptional inducements in order to secure deposits, but in considering this question it may not be amiss again to refer to the constitutional prerogative of the individual to be foolish or reckless if he be so inclined. It is common knowledge that ordinary deposits in trust companies do not offer the guarantees of the national banks. Those who entrust their balances to the former institutions must be aware that they are only third-rate creditors; that in the event of the failure of the company Government deposits rank as preferred credits, and that deposits of trust funds, for the safe-keeping of which these companies were originally designed, must be paid before the regular depositor can receive his share of the funds resulting from the liquidation of the company. If, with the full knowledge of these facts, the individual is willing to assume the risk involved for the purpose of securing

the four per cent. interest allowed on daily balances, rather than to deposit his funds in an institution the management of which is more or less under the control of the National or State government, and which is surrounded with restrictions so far as its investments are concerned, then it should not be unreasonable to contend that in the event of disaster he is suffering the consequences only of his lack of conservatism.

Reckless It is not the purpose to ad-
Depositors vance the argument that de-
posits of the public's money should not be safeguarded by law so far as it is possible to do so, but merely to point out that institutions conducted under National laws exist, of which the individual may avail himself, if he so desires. The methods to which certain financiers have resorted for acquiring control of a string of National or other banks are open to criticism only in so far as they may be shown to be reckless. It cannot be alleged that it is dishonest to purchase the control of the stock of one bank, hypothecate this issue with some other institution and thus secure the funds for the purchase of the control of another bank, and to continue this operation indefinitely or so long as

the funds of the manipulator hold out. That this is a reckless piece of speculation and should be frowned upon is beyond cavil, but that *per se* there is nothing about the transaction that is not strictly legitimate is quite as susceptible of proof. It is the abuses that may grow out of what is in itself a strictly lawful transaction that makes the transaction itself reprehensible.

Lack of Foresight There is a familiar saying that a thief is not a thief until he is caught, and it is quite possible that the financier to whom reference has been made in the foregoing paragraph would have been able to carry his plans to a successful issue had it not been for circumstances entirely beyond his control, namely, the depreciation of the securities of the country, and the stringency of money. Eliminate these two conditions and it is quite conceivable that his plans would have redounded enormously to his own advantage, as well as to that of the banks in which he was interested. It can hardly be disputed that the failure of the Knickerbocker Trust Company was equally attributable to the same conditions. Had the investments of this institution not suffered a greater decline than

has taken place in the last generation, there can be no question that it would to-day be perfectly solvent. The greatest fault that can be attributed to those who were responsible for its management is their lack of judgment in not foreseeing the inevitable consequences upon the credit of the country of the attitude of the present Administration.

Junketing If the statement is sound that
Legislators the debilitated condition of financial institutions to-day is directly attributable to the depreciation in the value of securities, the destruction of credit and the consequent lack of funds, it is only necessary to trace the immediate cause of these conditions in order to fix the responsibility where it belongs. It may be truthfully stated that the finances of the country are conducted to a greater extent along old-fashioned and conservative lines to-day than are the affairs of the Government. In the good old days of the past decade, cabinet officers were supposed to have some duties in addition to those calling for almost uninterrupted junketing trips extending throughout the civilized and uncivilized world. Statesmen in those days stuck pretty closely to their desks. It may be assumed that they were occupied with the

details of their office; that, having assumed the responsibility for the proper management of the affairs in their various departments, they were not unmindful of these responsibilities, and their anxiety to carry out the trust imposed upon them in such a manner as to reflect credit upon the Administration as a whole impelled them to devote a certain number of hours each day to matters directly pertaining to their offices. But these are old-fashioned methods. The public is not aware whether or not the cabinet officers have private desks in their various sanctums, but it certainly should not be censured for assuming that, unless carefully dusted at regular and frequent intervals, it would be necessary to excavate them at least once or twice during the period of four years, if perchance at any time it was proposed to put them to practical use.

Americans
Love Peace But these innovations are probably the natural consequence of the expansion of the country and the growth of its power among the nations of the world. We are told in the speeches of the President that we should be at all times prepared to fight. This may be all very fine for the President, but it is a little disquieting to the nerves of the ordinary

citizen. The President likes to fight, and is always prepared to fight; but the average American citizen is peace-loving and his preparedness for battle is a matter that is open to serious question. It may be doubted if he even cares very much whether he is prepared or not, in view of the fact that it is his intention to avoid a fight if he can possibly do so. It is true that the President's statements in this regard are usually modified by the other assertion that we are for Peace, but he again qualifies this when he says that we are only for Honorable Peace. Now whether peace is honorable or dishonorable, the private citizen will not be permitted to judge. This is a matter that will probably have to be determined by the President himself, and it is quite possible that his decision of the matter will not be greatly influenced by the fact that the American people would prefer to have a calm and judicious deliberation of the question as to whether we might not refrain from fighting and still retain our honor untarnished, rather than to go to war and be honorably killed.

War Not	Most men are afraid to go to
Desired	war, first, because they are
	likely to be killed or at least seriously
	injured; and, second, because they have

families who are dependent upon them for support. The President is anxious for a big navy and he will probably get it, because he says if we have a big navy we shall probably not be called upon to use it; and if we do not have a big navy, we are apt to be attacked, and the Philippines, which the country seems to be most anxious to get rid of, will probably be taken away from us.

Navy a
Bluff It now appears from the statements of a prominent Army and Navy publication, that some of our most powerful-looking battleships and cruisers have serious defects that would cause them to be of little service in battle. This is rather a discouraging condition for the taxpayer whose money has been spent upon their construction, but if the purpose of building a big navy is to place us in a position where we shall never have to use it; if, in other words, the navy is one huge bluff intended simply to play Santa Claus with among the nations of the earth, we need not worry about it so much after all. However, it also appears from the statements of persons who are supposed to be competent in matters of this kind, that no proper provision has been made for officering all these new

vessels. This oversight, of course, need not cause any considerable concern, for so long as the bluff is not called we shan't need the officers.

The President To return to the peripatetic
at Panama tendencies of the cabinet officers, it may not be beside the mark to point out that however lacking in attention to detail our present cabinet officers may have become, the President himself keeps a watchful eye on the various enterprises in which the Government is engaged. This made it necessary for him to make a tour of inspection to the scene of the construction of the Panama Canal, and it is gratifying to learn that he found things in the Canal Zone in proper shape and the work of construction progressing satisfactorily. This was the first time that any President had left the country during his term of office, and if the President goes to Panama, there is no reason why he should not take a little side trip to Paris to see the sights or to visit the American Ambassador, or to the Philippines to assist in pacifying the Pulajanes. It might not be difficult for him to find occasion to add the Sultan of Sulu to his famous gallery of liars, just for the sake of lending variety to its membership.

VI

FIXING THE RESPONSIBILITY

Credit Must be Maintained A statement has been credited to Baron Rothschild to the effect that if the public for the short period of twenty-four hours should lose every confidence in his ability and integrity, he would be bankrupt. This statement is said to have been made at a time when it was necessary for the rulers of the world to obtain the consent of the great master of finance before entering upon war. So delicate a thing is credit that the richest man in the world in those days was absolutely at the mercy of any person with sufficient influence to destroy his reputation for honesty and ability.

What is Credit? The distinction between actual cash and credit is rarely considered. Business men speak of a cash transaction when they mean that the article sold is to be paid for upon delivery, but actually it is a cash transaction only if the payment is made in coin or currency. Evidently, if the payee receives a check the transaction is based purely on credit which is the result of his confidence, first, in the man whose check he receives

and, second, in the ability of the bank to honor it. Destroy the payee's confidence in either or both of these, and he will accept only cash. Then, and then only, does it become a cash transaction. Ordinarily, however, the business man refers to a credit transaction as one according to which the payment is to be made after a certain time has elapsed, or at some time subsequent to the date of the transaction. Here, of course, a greater amount of confidence is required on the part of the payee or the seller.

Effect of Distrust Now, let us suppose that, by the incendiary speeches of a certain person at the head of the administration of the Government, the individual's mind becomes filled with forebodings as to the integrity of the persons with whom he has commercial or financial dealings. By a natural mental process he arrives at the conclusion, that if those who stand high in the financial world are unworthy of his confidence it will be advisable for him to proceed with the utmost caution in his dealings in general. That form of credit which is dependent upon the greatest confidence, namely, the time allowance for the payment of bills, is curtailed, and if other events of a disquieting nature succeed one

another continually, it is not surprising that his lack of confidence should become so acute that he will refuse to avail himself even of those forms of credit usually characterized as cash transactions, namely, the acceptance of checks in lieu of cash. It is then that the period of hysteria commences; that the public clamors at the doors of the banks of the country for their money, and that a general financial panic ensues.

Money Stringency But before this actual crisis is reached there is an inevitable general curtailment of funds by reason of the restriction of credit, the lack of confidence in the purchaser displayed by the seller, that is to say, lack of confidence in his ability and integrity, those essential qualities of commercial success mentioned by Baron Rothschild.

Depreciation of Securities Another manifestation of this period of diminishing credit facilities is the depreciation of the value of the securities of the country, the paper issued by the great corporations to the public in return for cash. The desire to turn these securities into bank deposits naturally precedes the attempt to turn bank deposits into cash.

What has
been
Revealed?

Let the reader now truthfully answer the inquiry as to the cause of the destruction of confidence, and he arrives at the immediate and direct cause of the present situation. It has already been pointed out that any evils that may exist in the moral constitution of our financial community are not as great or certainly no greater than have existed in the past. It has been said that the President is not to blame for having turned the limelight of publicity upon the evils as they exist. But let us put aside hysteria, and ask ourselves seriously what the President has uncovered. Is it possible that the champions of the President's policy will have sane people believe that because a Western railroad sees fit to offer inducements in the matter of freight-rates to the Standard Oil Company, thus permitting it to transport and distribute its commodity at a smaller expense and to proportionately reduce the selling price of its article—will these men have us believe that the bringing to light of this fact has caused the banks of the greatest financial center of the country to totter, and occasioned a financial crisis greater than any in this generation? Will they have us believe that because they discovered the

fact that the canned goods of the country are prepared for market in just as dirty surroundings as probably exist in the kitchens of first-class restaurants of the country, this has been the cause of the destruction of confidence that is so wide-spread? It has been pointed out in these pages that it is impossible for any man or combination of men to uphold the price of any commodity of general consumption, once the production of the commodity outstrips the demand. But let us assume for the sake of argument that it is the Beef Trust that has been maintaining the price of beef, and that this high price has not been caused by increased consumption and decreased production. Is it possible to believe that sane people have found any cause in this condition of affairs, even if it does exist, to withdraw their balances from the banks of the country and hoard the currency in safe deposit vaults or in stockings? We assert with the utmost confidence that it is impossible for any man to lay his finger on a single evil, or on all the evils *en masse*, and show that they have been contributory causes to the present state of affairs.

A Foregone Conclusion If the German Emperor, for example, should see fit to proclaim throughout the length and breadth of his empire the dishonesty of the leading members of the financial community in Germany; should he resort to a shorter and uglier word and call them "liars"; should he intimate that they were robbing the people; it would be perfectly natural for the German people to lose confidence in the paper commonly called securities, issued over the signature and under the endorsement of these men, and if they should throw these securities on the market for whatever prices they might bring, there would be nothing unnatural about it; on the contrary, it would be entirely in accord with natural laws. Nothing, therefore, has happened in this country that might not have been expected as the result of the procedure of the President.

Where has Money Disappeared? As a mere matter of speculation, it is interesting to consider what has become of the enormous amounts of money which have been liberated by the wholesale liquidation of securities. Undoubtedly, a large proportion of these amounts must have found its way into investments apparently of a safer character than those from

which they were withdrawn. A reduction in the price of securities of many billions of dollars cannot take place without the release of a large amount of capital. Where has this capital flown? It is the old, old question that has been raised in every period of financial stringency. That a great deal of it has gone into real estate is common knowledge, but it is also a fact that the savings banks have steadily been losing in the amount of their deposits, and it is impossible to believe that the real estate investment in the country has been of such vast proportions as to swallow up the entire amount of these funds. Obviously, then, there must be a large number of people whose lack of confidence has reached such a point that they are unwilling to use their means even in the purchase of real estate. The only answer which can be given is the one which always is given in times such as these: the money has been hoarded. The ignorant, the weak-minded, the timid, have become affrighted. Their little savings, so far as the community as a whole is concerned, so far as the requirements of trade are concerned, so far as bank deposits are concerned, have evaporated. They have ceased to exist

for all practical purposes. Temporarily they are destroyed, and the cause of this destruction is the man who, by his incendiary speeches, by his promises to do things which it is not within his power to do, has created terror in the minds of the weaklings of the community.

VII

FIXING THE DATE

Amused Americans It would be a difficult if not an impossible matter to fix the exact time when the public mind began to be filled with forebodings as regards the finances of the country. It has been shown that during his first administration the President availed himself of unprecedented means for the purpose of interfering with business as it was affected by the disturbances in the coal-fields of Pennsylvania. It is not likely that at that time anyone dreamed of the possibilities of evil which were hidden in the then still undeveloped proclivities of the President. Nor is it possible to point to any particular act of his which marked the commencement of the era of distrust. His idle expressions of opinions on subjects which concerned the private life of the citizen, to which

reference has already been made in these pages, were looked upon with amusement more than with any fear that they indicated an unbalanced mentality. The public is fond of being amused, even by its Chief Executive. We have never had an actual clown in the White House. But even if the President were a clown and a good clown, one that would command an exorbitant salary at a hippodrome, for instance, the country might be proud of him as a clown and be ready to forgive the loss of dignity and self-respect involved. A good clown has no use for "malefactors of wealth" except to coax the dollars from their pockets into the box office. A good clown would have too great a sense of humor to take himself too seriously, or to suppose for one moment that the Supreme Court of the United States would place such constructions upon the Constitution as to permit him to indulge his whims, or to carry out schemes unsanctioned by presidential prerogatives.

Intimate Relations with Harriman Such a man, having a real sense of humor, would never attempt to quarrel with the gentlemen who had provided the funds necessary for his election. He would never have provoked the publication of the famous Harriman letter. Now, in communications of a business nature, it is customary to use the address, "Dear Sir." In social notes or communications of less formality, the writer indulges in "Dear Mr. Blank"; but it is only after intimate confidences have been exchanged, it is only after men have grown to know one another, to understand one another's secret motives, that they address one another as "My dear Blank." It is possible that when the President addressed Mr. Harriman as "My dear Harriman," he was presuming too greatly upon a short acquaintance, or possibly he assumed that his exalted office gave him the privilege of addressing an ordinary multimillionaire in terms of intimacy.

Harriman Quarrel It is significant, however, that just at that time the Republican Party in New York State was in dire distress for money; that an officer of the cabinet had resigned his position for the purpose of assuming a prominent position on the Republican National Com-

mittee; that it has been stated on good authority that considerable sums of money were paid to Mr. Bliss out of the pockets of "malefactors of great wealth"; that it has never been seen fit to deny these allegations; that it has been impossible to trace to their source these contributions; but that it has never been denied that they were made. They were made after "My dear Harriman" had accepted the President's invitation to call at the White House to discuss the situation, and after he had actually paid the visit. The publication of the Harriman letter and the circumstances which surrounded it received world-wide publicity and created a tremendous sensation. The utterances of the President at this juncture were especially vehement. It may not be entirely just to assume that this vehemence was the result of, let us say, a guilty conscience or of a fear of other more damaging disclosures. Suffice it to say that the actions and utterances of both Mr. Roosevelt and Mr. Harriman were of such a nature as to fully convince the world that the fight was a personal one; that if either of these gentlemen could obtain an advantage over the other by any safe means, however reprehensible they might be,

there would be little hesitancy on the part of either. The public apparently sided with and upheld the President in this quarrel, but there were some demands for full publicity with regard to the alleged campaign contributions.

Formidable Now a personal quarrel be-
Foes tween the Chief Executive and a man recognized to be one of the greatest, if not the greatest, railroad genius that this country has ever produced, who, by his remarkable ability has been able to extricate from the throes of bankruptcy what is to-day the most powerful railroad system in the world, was a serious matter. So long as the President did what he did as the result of pure motives, for the purpose of benefiting his fellow-citizens, it was bad enough; but what might not a Chief Executive accomplish once his mind had become biased by feelings of personal resentment and possibly hatred?

The Date If for the benefit of the fu-
Fixed ture historian who shall record all of these remarkable occurrences, after the smoke shall have left the mouth of the cannon, it should be thought not amiss to endeavor to fix the date when the popular mind was seized with the enormity

of what was about to happen, we think that no mistake will be made if the Hariman episode shall be said to mark the awakening of the public mind in this respect.

The Silent
Vote

The fact that at the very moment when the struggle between these two men was at its height there should have been a violent break in the securities of the country, lends plausibility to the statement that this was the beginning of the end. This break in stocks has gone into history as the March panic of 1907. There was the same smart recovery in quotations that usually follows a sudden disturbance in the financial equilibrium. It is reasonable to suppose that, although the financial powers both in this country and in Europe realized the seriousness of the situation, they were willing and anxious to hope against hope that their fears might not be realized, and that after all it might be merely a passing nightmare. That great number of American citizens not numbered among the rich of the population, not prominent in social, commercial or political life; that portion of the population which the politician looks to as the "silent vote," so important in numbers that they have

more than once and probably, if the truth were known, almost always, cast the deciding vote; those men in business and professional life whose common-sense and sagacity may always be relied upon in crises such as this, whose shrewdness and foresight enable them to conduct their business affairs to their own advantage; this great body of men must also have viewed with grave forebodings the struggle which appeared to have just commenced. This struggle, between a man known to be of violent temper and rash instincts, and possessing all the power with which the President of the United States is clothed, and a man, one of the foremost citizens of the country, who represented probably as intimately as any other the powerful financial interests of the country—this quarrel, charged as it was with personal animosity, could not but chill the hearts of these men with fear as to the outcome.

**Bankrupting
a Nation** Although they have been said to constitute the “silent vote” of the country, it is natural to assume that they gave voice to their apprehension in their daily conversations, thus communicating to their weaker and less far-sighted brethren the possibilities involved in the

situation. Was not Roosevelt doing exactly that thing which Baron Rothschild had said was capable of bankrupting him? Had Rothschild failed, the whole world would have been bankrupt. If men like Harriman, Morgan and Rockefeller fail, the same result is achieved.

VIII

THE CONFIRMATION

A Natural
Schemer

It is related that when the President occupied the position of Assistant Secretary of the Navy, his fevered imagination was constantly occupied with new and impossible schemes which were often, in the regular routine of business, laid before the McKinley cabinet. Very often these schemes were presented and personally urged by Roosevelt himself, and it is said that not only were they uniformly rejected, but rarely failed to create amusement among the more experienced statesmen before whom they were brought.

The Presi-
dent's Volatile
Disposition

It is natural to suppose that the President's volatile and effervescent nature should be attracted by what is fantastic and unreal rather than by the sober realities of life.

That he is fond of what is spectacular and sensational has often been asserted and can hardly be denied. It would, therefore, be quite reasonable to suppose that he would be considerably affected by the inflammatory writings and utterances of speculators of the Lawson type. It hardly reflects to the credit of the mass of the people that expressions emanating from sources such as these should not only receive so great publicity, but should be accepted by a large number of otherwise sensible people as if they were the prophecies of a mighty seer.

Lawson's Recent Confession	Lawson himself has admitted what was long common knowledge, not only among those familiar with the details of the financial world, but among the sagacious and thinking members of the community, namely, that his chief object in all this has been self-advertisement and self-aggrandizement. It was doubtless assumed by him that it would be a fitting time to make such a disclosure, after the woful miscarriage of his flamboyant prophecies, upon his return from Europe, and the apparent inaccuracy of his statements made at that time, that he had entered into an agreement with the financial powers of the country to create a bull market.
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A Modern Don Quixote It may be urged with some show of reason as an excuse for the President's attitude, that his mind, in common with those of others not well acquainted with the real situation, had become inflamed by publications of the Lawson type and that he felt himself called upon to right the tremendous wrongs under which it was alleged that the people were suffering. In view of what is known of the President's nature, it is not difficult to believe that spectacular utterances such as these would influence him to a greater extent than the more sober assertions of those whose sincerity and whose knowledge of the situation could not be questioned.

The July Rally in Stocks The recovery in stocks which proceeded slowly after the March panic was short-lived.

A greater and if possible more significant event was destined to occupy the attention of the public and to carry to the mind of the intelligent citizen the conviction that his forebodings with relation to the outcome of the Harriman episode were soon to be realized. During the month of July the stock market gave every indication that the public mind was rapidly resuming a normal condition in its attitude to sound investment securities.

The Standard Oil Case Then occurred the awful confirmation of the worst fears that had been entertained with respect to the struggle which was being carried on between the forces of the Administration and the railroad and industrial interests. For some time past an action had been pending in the Federal Court of Illinois, based upon allegations made against the Standard Oil Company of Indiana, that a rate for the transportation of oil had been accepted from the Chicago & Alton Railway lower than that which had been published and which had been enforced against other shippers. Some time previous to this the President had taken it upon himself to severely criticise a Federal Judge in Chicago, who had rendered a decision against the Government in an action brought against the so-called Meat Trust. This criticism on the part of the President has been severely condemned in many quarters. It is the duty of the citizen not only to obey but to respect the law of the land. The private citizen may, indeed, criticise an adverse judgment against him and may privately indulge in invective with respect to the judge who tried his case; but when the President of the United States gives way to hasty criticism of the

judiciary, his action can hardly be considered to foster that respect for the law which it is the duty of every citizen to observe, for how would it be possible to reprimand an individual for offences of which the First Citizen of the land, the President of the United States himself, is guilty? How shall the laws be enforced, if the President himself, the servant of the People and their great exemplar, to whose charge is confided the enforcement of the law, rebels when a judicial decision is rendered against him?

Dead Letter In the present instance, how-
Laws ever, the President could have
no cause for complaint. The defendant company was mulcted in the sum of about \$30,000,000 for offences, many of them committed long before, under a law which little attempt had ever been made to enforce, and which therefore it was excusable to believe might, to an extent, be disregarded or evaded. In a case where the Government has been lax in the enforcement of a certain law, even the meanest person is entitled to clemency. The excuse of *laches* on the part of the Government would, of course, be of no avail, but it might at least be urged as an extenuating circumstance worthy of being taken

into consideration in the meting out of the punishment. Such, however, was not the case; the corporation was mulcted in the maximum amount of the penalty for each offence. It has been claimed that certain evidence was thrown out which, if admitted, would have established the innocence of the defendant, and the case has been appealed and a stay of execution granted under supersedeas proceedings.

The Famous Fine The sensation caused by the publication of the sentence would indicate that the public was stunned by the enormity of the fine, which has been characterized by one of the keenest and most experienced observers as one of the atrocities of modern times. The effect on the stock market was very much the same as when the executioner turns the first current onto the victim in the chair. A quiver ran through Wall Street; men rubbed their eyes and wondered if they were awake. The quiver rapidly developed into a full-grown nervous chill, and one break rapidly succeeded another until there was practical demoralization.

Fine the Railroad Administrative action had also been contemplated against the Chicago & Alton Railroad, if it was pos-

sible to bring this corporation to the bar of justice. If tried, the railroad naturally would be considered equally guilty and would be fined in the same amount. This would mean approximately \$60,000,000 paid out of the treasuries of two large corporations, one industrial and the other a railroad, into the treasury of the United States.

A Humorous
Attorney-
General

The distrust and lack of confidence which had commenced to assume dangerous proportions at the time of the Harriman episode, now were epidemic in the community. The ground was shaking under men's feet. The rumblings of the angry volcano grew every moment more threatening; the dark clouds were assembling overhead. It is little wonder that men's hearts grew sick with fear, and that no one dared venture a guess as to what would be the outcome. Some still entertained the faint hope that the President might be counted upon in some way to re-establish confidence. At about this period the Napoleonic Attorney-General gave forth various flippant interviews to the newspaper men. That a situation as serious as the one through which the community was then passing should be treated

in such a vein as this horrified the country, and bitter criticisms were launched at the doughty if too humorous Bonaparte.

Speech Making The President was booked to deliver a speech to a gathering of Puritans in Massachusetts, and some hope was entertained that it would be of a reassuring nature. In the meantime, the stock market continued in a nervous and at times panicky condition, and wonder was expressed that no failures of importance were occasioned by the tremendous fall in values. The President was busy dictating speeches at Oyster Bay for deliverance during his tour of the West. The matter was not of importance. Wall Street was suffering the consequences of its own misdeeds.

Wall Street a Mob Wall Street did not represent the country; it was not the heart of the Nation from which all of its arteries emanate that feed it with life and vigor; it was not a sensitive barometer of conditions as it had always been considered, representing the public estimate of the value of the securities of the entire country! No, it was a disorderly mob of unprincipled speculators who for years had been engaged in a wild debauch and who were now having a severe headache!

Defending
the Honest
Rich Man

The President lifted no helping hand. His speech in Massachusetts, as well as his speeches

in the West, contained nothing that might be calculated to relieve the situation. On the contrary, there were reiterations of continued violence against the corporations. It is true that in those speeches the President stated that he would defend the honest rich man in the same way that he defended the honest poor man. It does not seem to have occurred to the President that the honest rich man does not require his active defense until he is accused of something; he does not seem to have imagined that it is not one of the prerogatives of the President to defend either rich men or poor men until they are attacked, and then his duty is to render such assistance to preserve the peace as it may be in the power of the Government to give. The honest, law-abiding citizen of the United States does not require the President to defend him. If he is haled before a magistrate or brought into a court of law, there exist laws under which he is entitled to offer his own defense. But these speeches smacked of the same arbitrary tone which characterized former utterances of the President.

**Hunting
Bear** As already stated, the situation grew more strained as the days went on, but the President paid no heed. He left the country in its distress and went hunting bears and bob-cats and 'possum, in which occupation he was moderately successful. It was the first time that the country, in its hour of distress, had been deserted by its Chief Magistrate. It was the first time in the history of the country that any Chief Magistrate had displayed the hardihood to enjoy himself on a sporting expedition at a time when the means of sustenance were being rudely swept away from thousands of his fellow-citizens during one of the most acute, if not the most disastrous, panics of modern times.

IX

THE CRISIS

**Regulating
Railway
Rates** Aside from the causes already mentioned which have combined to destroy confidence was the vicious legislation enacted by Congress known as the Railroad Rate Bill, an act which placed in the hands of the Administration or its officers the power to regulate railroad rates. This was known as the

President's pet measure. It was a sample of the legislation he had been constantly trying to secure for the purpose of enlarging his power. Before the bill was passed, a considerable argument was had as to the necessity or desirability of introducing a clause providing for the possibility of revision by the courts of the decisions of the Commission provided for in the measure. It is very unlikely that even if such a provision had not been inserted, the railroads would have been deprived of their constitutional right to submit to a Court of Equity the legality of the Commission's findings.

Pernicious Legislation The enactment of this measure created increased fear as to the lengths to which the Government might go in its attacks upon the railroads. The power to regulate rates is so far-reaching and might be so damaging in its exercise, that another good and sufficient cause is here found for the depreciation in the value of railroad securities. It is not at all likely that any Commission appointed by Mr. Roosevelt would attempt to enforce rates of freight that would be confiscatory, or that would seriously damage the interests of the railroads. However, as has already been pointed out, the net return of

four per cent. on the modest capitalization of American railroads, upon its face, demonstrates how absolutely superfluous was this class of legislation. Moreover, the bill placed a powerful weapon in the hands of the President which might be used to tremendous disadvantage under other administrations.

Government Ownership Disastrous It has been argued that to give to the Government the power of fixing railroad rates for all practical purposes places the railroads in the hands of the Government, and this naturally caused alarm among the large class of people who still refuse to believe in the desirability of Government ownership of railroads. Indeed, if we may judge from the methods employed in the conduct of the business of the Post Office, such an event would be very disastrous to the Government itself from a pecuniary if from no other standpoint. Due to the lax methods of the Post Office Department, it has recently been shown that under the system employed for the issuance of money-orders, postmasters are able to issue money orders for larger amounts than are shown in their reports to Washington and to put the balance in their pockets. Just how long the affairs of a railroad could be

conducted under methods of this nature it is not difficult to guess.

The Outlook There is a difference of opinion as to what course the commercial and financial affairs of the country will take, now that the acute crisis is past. It is, however, difficult to share the optimistic views that have been expressed in some quarters, that matters will be readjusted promptly and the business of the country go on uninterruptedly. The disturbance has been too real, and the violence of the decline too marked to permit us to subscribe to this opinion. For the mere purpose of comparison, it is interesting to study the table recently published by the *New York Times*, in which the declines in the principal securities of the country, which have taken place in the brief period of twelve months, are compared with those which occurred from 1892 to 1893, as follows:

RAILROADS.

	High,	Low,	Decline from 1892 to 1893.	High,	Low,	Decline from 1906 to 1907.
	1892.	1893.		1906.	1907.	
Atchison . . . . .	..	..	..	110 ½	83	—27 ½
Balt. & Ohio. . . . .	..	..	..	125 ⅛	78	—47 ⅛
Can. Pac.	94 ½	66	—28 ½	201 ½	153	—48 ½
N. J. Cent.	145	84	—61	239 ⅞	160	—79 ⅞
St. Paul	84 ⅝	46 ⅜	—38 ¼	199 ⅝	100 ⅛	—99 ½
Northwest	121 ⅞	84 ⅞	—37	240	130	—110
St. P. & Om.	54 ⅝	24	—20 ⅝	198	107	—91
Del. & Hud.	149 ½	102 ¾	—46 ¾	234 ¾	126 ¼	—108 ½
Lackawanna	167 ½	127	—40 ½	560	400	—160
Gt. Nor. pf.	144	100	—44	348	108	—240
Ill. Central.	110	86	—24	184 ½	118	—66 ½
Lo. & Nash.	84 ½	39 ¾	—44 ¾	156 ½	92 ¾	—63 ¾
Mo. Pacific.	65 ¾	16 ½	—49 ¼	106 ¾	48	—58 ¾
N. Y. Cent.	119 ¼	92	—27 ¼	156 ¼	96 ½	—59 ¾
New Haven	255	188	—67	204 ¾	133 ⅞	—70 ⅞
Nor. Pacific . . . . .	..	..	..	232 ½	100 ½	—32
Pennsylvania. . . . .	..	..	..	147 ½	113 ⅞	—34 ⅝
So. Pacific	41 ¼	17 ½	—23 ¾	97 ½	63 ¼	—34 ¼
So. Ry. pf. . . . .	..	..	..	103	37 ¼	—65 ¾
Un. Pacific.	50 ¼	15 ¼	—35	195 ⅜	100	—95 ⅜
U. S. Steel. . . . .	..	..	..	50 ¼	21 ⅞	—28 ⅜
U. S. Steel pf. . . . .	..	..	..	113 ¼	81 ⅛	—32 ⅛

INDUSTRIALS.

Am. Sugar.	114 ¾	61 ¾	—53	157	97	—60
Cons. Gas.	128	108	—20	181 ¾	74	—107 ¾
Gen. Elec.	119 ⅞	30	—89 ⅞	184	89 ½	—95 ½
Nat. Lead	51 ⅝	18 ½	—33 ⅞	95 ⅜	35	—60 ⅜
Nat. Lead pf.	99 ⅝	48	—51 ⅝	106 ¼	80	—26 ¼
Pullman.	200 ½	132	—68 ½	270	137	—133
West. Union.	100 ⅜	67 ⅞	—33 ¼	94 ¼	65	—29 ¼
West. Elec.	78 ½	20 ⅛	—58 ⅜	176	34 ½	—141 ½

In many cases the high prices of 1906 were the highest prices recorded following the depression of 1893. The stocks in which the highest prices were recorded in other years than 1906 and the date on

which the record prices were reached are shown in the following table:

Chicago & Northwestern.....	271	Apr., 1902
Chicago, St. P., M. & O.....	225	Jan., 1905
Delaware & Hudson.....	240 $\frac{3}{4}$	Oct., 1905
Louisville & Nashville.....	159 $\frac{1}{2}$	Aug., 1902
Missouri Pacific.....	125 $\frac{1}{2}$	Sept., 1902
New York Central.....	174 $\frac{1}{2}$	Nov., 1901
New York, N. H. & H.....	255	Apr., 1902
*Northern Pacific.....	700	May, 1901
Consolidated Gas.....	238	Apr., 1901
General Electric.....	334	Apr., 1902
National Lead pf.....	111 $\frac{1}{4}$	Feb., 1905
Western Union.....	100 $\frac{1}{4}$	May, 1901
Westinghouse Electric.....	233	Sept., 1902
Pennsylvania.....	170	Sept., 1902
U. S. Steel.....	55	Apr., 1901

*Cash sales at \$1,000.

Comparison with Other Panics The country consumed four years, after the panic of 1893, in re-establishing its credit and reconstructing its industries. It cannot be denied, however, that the present situation is not analogous in many of its more important features with the situation that existed in 1893. On this subject, one of the prominent banking firms in New York has published an interesting comparative table of the conditions existing in the panics of 1884, 1893 and 1907, as follows:

	1907.	1893.	1884.
Money in country	\$3,134,688,449	\$2,179,005,361	\$1,487,245,838
Of which			
gold . . .	1,482,969,710	636,000,000	545,000,797
Exports . .	1,881,000,000	831,030,785	724,964,852
Imports . .	1,434,000,000	866,400,922	667,697,693
Iron out-put, (tons). .	25,307,191	7,124,502	4,097,000

	1907.	1893.	1884.
Cotton crop, (bales) .	13,000,000	7,549,817	5,706,165
Corn, (bush- els)	2,540,000,000	1,619,496,131	1,795,528,000
Wheat, (bush- els)	632,000,000	460,267,416	512,765,000
Railroad gross earnings	\$2,346,640,286	\$1,208,641,498	\$770,684,908
Populat'n	86,429,000	67,306,000	54,911,000

Capital Alarmed The foregoing table, giving the figures relating to conditions as they existed prior to the acute stage of the present panic, shows that the amount of money in the country when the table was compiled was one-third larger than it was in 1893 and the amount of gold more than twice as large, while the value of the foreign trade of the country and of our staple crops has enormously increased. The fact that there is no apparent reason to be found in the condition of the country's business at large, for the extraordinary crisis through which we are passing, is sound evidence of the other fact that this panic has been occasioned not by industrial or commercial conditions, but by the frightening of capital.

French Confidence in American Bankers Among the more important opinions as to the possibilities of the future is that of Lazare Weiller, one of the foremost financiers in France, who is well acquainted

with commercial conditions in the United States. His opinion was published in the *New York Times* as follows:

“We may expect a spasm or two in the process,” said Mr. Weiller, “but the general belief prevailing among the large bankers here is that now is the time to buy. I fear it will be a long time before American securities will again find a ready market here; but American stocks and bonds already in French portfolios certainly will be undisturbed.

“It is a curious fact that while America needs money so badly, France has more than she knows what to do with. It is certain, despite the shock that has been given to the confidence of investing classes here, that much of this gold will find its way to America in the near future.

“Moreover, so great is the confidence of the great French bankers in Mr. Morgan and Mr. Stillman personally, that were they to come to France to-morrow they could find \$100,000,000 gold without the slightest difficulty.”

Significance is added to this declaration, as Mr. Weiller is one of a coterie of financiers who were entertained at a shooting party the day before by Baron Rothschild.

Mr. Weiller speaks in glowing terms of the standing and credit in Europe of leading American financiers; but then men of this stamp are not usually classified as "malefactors of wealth" across the Atlantic. His criticism of Mr. Roosevelt's methods, while guarded, is exactly what might have been expected from a man versed in diplomacy as well as finance.

Newspaper Having led the reader up to
Reports the distressing days of the crisis itself, when maddened depositors raged at the doors of banking institutions during the week ending October 26, the writer's sole remaining task is to present without further comment and in chronological order the actual events themselves, so that the reader may be furnished with a concise history of this panic as culled from the columns of the daily press. The able co-operation of Secretary Cortelyou with those financiers who labored through the day and into the late hours of the evening to avert a catastrophe that threatened to engulf the whole nation, has been favorably commented upon. The amusing letter of President Roosevelt congratulating Secretary Cortelyou and the financial leaders of New York on their ability in averting a crisis throughout the entire country

has been taken, good-naturedly by those who concur in the belief that the situation was caused by the President himself. Up to the present writing he has shown no evidence of any return to sanity. It is probably too much to expect that the leopard should change his spots. He will remain in office until March, 1909. During that time it is impossible to say what calamities may ensue as the result of what he has already done or what he may do in the future.

On the 4th of March, 1909, another person will assume the reins of government. He will be a man of irreproachable character, fully alive to the requirements of the financial and business community, an upbuilder—not a destroyer; in none of his methods will he be spectacular; there will be a return of dignity and official etiquette; none of his fellow-citizens during his occupancy of the office will ever have cause to fear that his investments may be swept away and his home reduced to poverty by reason of any executive act. He will be a man worthy of the place which has been honored by Washington, Lincoln and McKinley, and, as he enters the White House, he will turn to shake hands and to say good-bye, in the name of the American Nation, to Theodore Roosevelt.

MONDAY, OCTOBER TWENTY-
FIRST

From the *N. Y. Evening Telegram*

Wall Street this afternoon had important topics for consideration in the following developments in the banking situation:

Involuntary bankruptcy proceedings brought against the brokerage firm of Otto Heinze & Co., in which preferential payment of \$2,000,000 to the Mercantile National Bank is alleged.

The resignation of the newly appointed State Superintendent of Banks, Luther W. Mott, who took the oath of office on Tuesday last.

The election of seven new Mercantile Bank directors to replace Heinze-Morse-Thomas officials, whose resignations were demanded by the Clearing House.

Banking circles are seeking the cause of Mr. Mott's resignation. Despatches from Albany state that Governor Hughes, who has accepted the resignation, gives ill health as Mr. Mott's reason for the sudden dropping of his new duties. At the State Superintendent's headquarters in this city no one would discuss Mr. Mott's action. Mr. Mott had come to this city last

week and was in the midst of his first examination of banking affairs when he determined to quit. His letter of resignation was dated Sunday.

Acting for three creditors, the law firm of Myers & Goldsmith filed a petition in bankruptcy against Otto C. Heinze, Arthur P. Heinze and Max H. Schultze, composing the firm of Otto Heinze & Co. Preferential payment to the Mercantile Bank is alleged to have been in payment of a loan, and further preferential payments are alleged to have been made by F. Augustus Heinze, Arthur P. Heinze, and others in anticipation of the suspension of the firm from the Stock Exchange.

The petitioning creditors also allege that the National Bank of North America, the National Park Bank, the Empire Trust Company, J. S. Bache & Company and others got about \$100,000 through preferential payments.

William Sherrer, manager of the Clearing House, announced after a two hours' session of the committee, that conditions were "normal."

"The committee has been doing what it promised to do," he said. "They passed upon only collateral that might be offered by banks which might need assistance, and

there was only one, the Mercantile, which had a debit balance of \$1,903,000."

Seth M. Milliken, successor of F. Augustus Heinze as president of the Mercantile Bank, said:

"Counting out the Heinze-Morse loans the assets of the bank are \$1.40 for every dollar of liability and the loans in question are of value."

In resigning as State Superintendent of Banks Mr. Mott wrote Governor Hughes that in accepting the appointment he overestimated the condition of his health.

He was appointed October 3 to succeed Charles Hallam Keep, of Buffalo, who served only a short time before becoming a Public Service Commissioner, but his oath of office was not filed until last Tuesday.

Officials of the Mercantile, Hamilton and Consolidated Banks and the National Bank of North America were prepared to pay off nervous depositors, but at none of them was there any noticeable rush at the paying teller's window.

William F. Havemeyer, new president of the National Bank of North America, after a busy day, which began at an unusually early hour, said:

"We had one million in specie on hand

to meet all demands, but little or none of it was used. During the day less than \$150,000 in deposits was withdrawn."

With the exception of the Mercantile debit balances of a cluster of banks recently in the public eye were not unusually large. That of the Bank of North America was \$850,000, of the Mechanics and Traders', \$430,000, and of the New Amsterdam National, \$200,000. None of these institutions would require assistance, it was announced.

The Clearing House Committee met a few minutes before ten o'clock, all members being present when the banks made their exchanges. The rare expedient of issuing Clearing House certificates in order to tide the embarrassed banks over their difficulties would not be necessary, it was positively stated, despite reports to the contrary.

Encouragement among speculators and investors was evinced on the floor of the Stock Exchange immediately after the opening. The trading was somewhat wild and narrow, however, only fourteen stocks being active for the first three-quarters of an hour.

There was no run on the Mercantile National Bank, at No. 567 Broadway. Only

a customary few persons were in line at the paying teller's window. An official of the bank said that the resignation of E. R. Thomas as vice-president had been received and it would be acted upon to-morrow by the Board of Directors.

XI

TUESDAY, OCTOBER TWENTY-SECOND

From the N. Y. *Evening Telegram*

DEVELOPMENTS IN BANK SITUATION

Stocks declined at the opening as follows:

American Smelters, $2\frac{5}{8}$.

Amalgamated Copper, $3\frac{1}{4}$.

Atchison, $2\frac{5}{8}$.

Brooklyn Rapid Transit, 2.

Great Northern, $2\frac{1}{2}$.

Missouri Pacific, $2\frac{1}{2}$.

Northern Pacific, 2.

New York Central, $1\frac{1}{4}$.

Smelters, $3\frac{1}{4}$.

Southern Pacific, $2\frac{5}{8}$.

Union Pacific, $2\frac{3}{4}$.

Steel common, $1\frac{3}{4}$.

Hundreds of depositors in the Knickerbocker Trust Company made a run on each branch of the Institution.

At the Clearing House the following debit balances were announced:

National Bank of Commerce, \$7,000,000.

National Bank of North America, \$543,000.

Mercantile National Bank, \$454,000.

Bank of New Amsterdam, \$341,000.

Mechanics and Traders' Bank, \$335,000.

Oriental Bank, \$147,000.

Stocks broke violently at the opening of the market, both here and in London, to-day. The first public demonstration of distrust was also shown in a remarkable run on the Fifth Avenue headquarters and on the Harlem and downtown branches of the Knickerbocker Trust Company, from the presidency of which Charles T. Barney had been forced out because of his affiliations with Charles W. Morse.

The Clearing House Committee met as soon as the market opened and soon afterward announced that the debit balances of the Mercantile National Bank and the National Bank of North America were small. The debit balance of the National Bank of Commerce, however, was \$7,000,000. It was stated that this represented

the clearances of the Knickerbocker Trust Company.

Despite assurances by some of the most powerful financial interests that there was no cause for alarm, the run on the Knickerbocker Trust Company caused anxiety. At the main offices, Fifth Avenue and Thirty-fourth Street, and the branches at No. 66 Broadway, 125th Street and Lenox Avenue, and at 148th Street and Willis Avenue, hundreds of depositors were waiting in line to draw their money as soon as the opening hour came.

In Fifth Avenue scores of automobiles and carriages drove up to the great white marble building, and handsomely dressed women and prosperous-looking men ran up the steps and besieged the paying tellers. An endless stream of cash went across the counters, assistants emerged from the vaults bearing bundles of bills of all denominations. All were rapidly swept into the pockets of the throng with bank books.

Joseph B. Brown, second vice-president of the trust company, viewed the situation with apparent cheerfulness.

"We expected this run, of course," he said, "and we are patiently meeting it. We have \$8,000,000 in cash in our vaults,

and we can get \$10,000,000 more in a few minutes should we need it. But we won't."

The \$10,000,000 referred to is understood to have been guaranteed as available by such powers in the financial world as J. Pierpont Morgan and George W. Perkins in a meeting at Sherry's, which lasted until an early hour, following the announcement of the National Bank of Commerce that it would not act as clearing agent for the Knickerbocker Trust Company any longer.

That several hundred thousand dollars had been withdrawn from the Knickerbocker Trust Company within an hour after its branches opened was the estimate of those who watched the payments. The company's deposits total \$60,000,000.

At No. 66 Broadway, Harry B. Hollins, a director of the company, personally assisted the cashiers and tellers. It was understood that Mr. Hollins represented also the large banking interests of Mr. Morgan.

"There will soon be a reassuring statement," he said. "We have all the money we need. The company is perfectly solvent. We shall meet the run patiently."

At this branch the line of depositors drawing money stretched from the pay-

ing teller's windows in the rear of the building along the corridor out to the street. There were about two hundred persons in line.

At the Fifth Avenue office at ten o'clock there were fully a hundred persons in the line.

When one of the tellers emerged from a vault with bundles of bills estimated to be at least \$100,000, there was a great sigh of relief from persons in line, and a further assurance that all demands for cash would be met.

At the Harlem branch two lines of depositors formed along 125th Street and Lenox Avenue awaiting their turn to get to the paying tellers. There was no excitement among the crowd, although many in it were nervous.

William J. Lewis, manager of the branch, said that the bank had ample funds on hand to pay all depositors, and neither he nor other bank employes made any effort to dissuade depositors from withdrawing their accounts. Early in the day the branch received \$250,000 in addition to the amount in its own vaults. The money was taken to the bank in an automobile. Shortly before noon the crowd in

front of the bank numbered about four hundred persons.

The Bronx branch opened its doors promptly and admitted a line of from fifty to seventy-five depositors. The manager, John Bambey, had his full staff of clerks on hand and was himself in charge. Practically all of the depositors who appeared were those with small accounts ranging from \$50 to \$2,000.

The line about a quarter to ten o'clock began to diminish, due, it seemed, to the restoring of confidence by the appearance of the bank wagons of the Central Union Gas Company and a milk company, from which were unloaded, in full sight of the waiting depositors, big bags of specie and bundles of currency. These were borne by the messengers along the line to the receiving teller's window.

In behind the paying teller there were, contrary to custom, great bunches of money piled high in stacks on the counter. Some of the packages showed markings of \$5,000, \$10,000, and one or two of \$20,000. A rough estimate was that there must be at least \$150,000 to \$175,000 showing.

"We are having more than the usual amount of withdrawals," said Mr. Bambey,

“but they have been among the smaller of the bank’s four thousand depositors. The amount withdrawn is, in fact, rather a small percentage. In all, I suppose we have had possibly one hundred and fifty or two hundred withdrawals.”

The members of the Clearing House Committee held their meeting at the Clearing House in order to be present when the associated banks made their statements.

The National Bank of Commerce, it was reported, had a debit balance in the Clearing House to-day of \$7,000,000. This is the bank which notified the Knickerbocker Trust Company that it would no longer clear for it.

The Mercantile National Bank had a debit balance of \$454,000; the National Bank of North America, a debit balance of \$543,000, and the New Amsterdam National Bank a debit balance of \$341,000. These three banks were assisted.

The Mechanics and Traders had a debit balance of \$335,000, and the Oriental Bank a debit balance of \$147,000.

Shortly after the noon hour, the Knickerbocker Trust Company closed the doors of its main office and various branches and all securities on the Stock Exchange suffered a demoralizing break.

XII

WEDNESDAY, OCTOBER TWENTY-THIRD

From the *N. Y. Times* of the 24th

After another series of conferences between Secretary Cortelyou of the Treasury and the leading bankers of this city, prolonged far into the night, Mr. Cortelyou announced at 1 o'clock this morning that he had directed \$25,000,000 of Government money to be deposited in the banks of this city to meet any further emergencies which might arise.

At the same time Mr. Cortelyou said that the public should reflect upon the real strength of our banking institutions, and if it should do so coolly there would be a prompt return of the confidence which their condition warranted.

Supporting Mr. Cortelyou's measures and his view of the situation, John D. Rockefeller announced his faith in the soundness of underlying conditions, and expressed his intention of doing his part to the full extent of his resources toward re-establishing confidence.

Referring directly to the position of the Trust Company of America, Frank A.

Vanderlip at the same time said that the trust companies of New York had united to stand by the Trust Company of America, whose assets, he said, had been examined and found good in every way.

J. P. Morgan participated in the conferences of which these statements were the outcome, and bankers said last night that it was largely through Mr. Morgan's efforts that these results had been attained.

Here is Secretary Cortelyou's statement:

"I have said to a number of gentlemen who have called on me to-day that any statement to the public regarding the existing conditions here should be made with the utmost frankness, that depositors and others interested in banks might realize that entire reliance could be placed upon it. Those familiar with the facts have known that the situation was made serious largely because of the circulation of unfounded rumors, and the unreasoning anxiety of many who thought only for the moment.

"To pass safely through such a day as this, one of most unnecessary excitement as it has been, is the best evidence of strength and support on the part of those who have undertaken the difficult task of re-establishing public confidence. Wher-

ever there is weakness—and it has been in but a comparatively few instances—strong and able men are rendering aid, and in behalf of the Treasury Department I may say that I believe it my duty to do, and I shall do, in the largest way possible whatever may be necessary to afford relief.

“If the press of this city will continue its co-operation, and if the public, on its part, will reflect upon the real strength of our banking institutions, there will be a prompt return of the confidence which their condition warrants.

“As evidence of the Treasury’s disposition, I have directed deposits in this city to the extent of \$25,000,000.”

John D. Rockefeller, who has taken an active interest in the present financial situation, having arranged to lend very large sums to a number of New York financial institutions, said:

“I think that the existing alarm among investors is not warranted, and I hope the good common sense of our American people will control the situation. Personally I have absolute faith in the future of the values of our securities and the soundness of underlying conditions.

“Instead of withdrawing any of my moneys from the banks, I am co-operating

with others in helping to meet that which I firmly believe to be only a temporary crisis. Every one having the good of his country at heart should by word and deed lend a hand now to re-establish confidence. I propose to do my part to the full extent of my resources."

Frank A. Vanderlip's statement was made on behalf of the committee of bankers brought together by J. Pierpont Morgan. He said:

"Concerted action on the part of all the trust companies of New York has been agreed upon, and they will stand by the Trust Company of America. The assets of the company have been examined and found good in every way. The run upon the trust company to-day was unwarranted, and all the trust companies will stand by it and pour in all the money that is needed.

"Secretary Cortelyou will see that all the money that is required to support the situation will be forthcoming. There are no resignations from the Trust Company of America, and no change in the management."

All these announcements, save Mr. Rockefeller's, were made at the Hotel Manhattan, where J. Pierpont Morgan

and James Stillman, President of the National City Bank, made a hurried call upon Secretary of the Treasury Cortelyou at 12.30 o'clock this morning, coming direct from a meeting with the Trust Company Committee at the Union Trust Company's Fifth Avenue offices. Mr. Morgan declined to say anything regarding his visit to Mr. Cortelyou or to discuss the financial situation in any way, but said it would all be told in statements to be given out later and already printed here.

As the visit of Mr. Morgan and Mr. Stillman to the Secretary at so late an hour was unexpected, much interest was aroused in the possible developments arising therefrom.

Mr. Cortelyou's statement to the public was expected at midnight. Earlier in the day he had said that his line of action in the present crisis would be announced at that hour, and twenty or more reporters waited in the lobby of the Manhattan.

About midnight J. P. Morgan's Secretary, Mr. White, hurried into the hotel and engaged a room for Mr. Morgan. A few minutes later Mr. Morgan and Mr. Stillman entered the hotel and started upstairs. Mr. Morgan was asked if a statement was to be given out.

“ There will be one, but I have nothing to say now,” he said as he and Mr. Stillman entered the elevator.

Another few minutes passed and George W. Perkins hurried in. The three men had come from the meeting in the branch office of the Union Trust Company. Upstairs Mr. Cortelyou had been awaiting them. Mr. Vanderlip arrived a little later, and while the reporters were awaiting word from upstairs Mr. Vanderlip called them together and made the statement already quoted.

Following the conferences at the Union Trust Company's Fifth Avenue offices, Oakleigh Thorne, President of the Trust Company of America, said that it would open for business this morning as usual.

With the Acting Superintendent of Banks in possession of the Knickerbocker Trust Company, after an all-day run on the Trust Company of America which was successfully met by the company, after news had come over the wire of the closing of the Pittsburg Stock Exchange as a result of the embarrassment of the Westinghouse Manufacturing and Electrical Companies, and after another sharp break in prices had occurred on the Stock Exchange here, where money rates rose to 90 per

cent., the financial community was actually more inclined toward optimism last night than at any time heretofore. This was altogether owing to the confidence it placed in the measures which one of the most remarkable gatherings of financiers ever witnessed in this city adopted yesterday afternoon at a long meeting in the office of J. P. Morgan & Co.

This assemblage of bank Presidents, railroad Presidents, trust company Presidents, and international bankers went into session with Mr. Morgan and his partners early in the afternoon, but long before this there had been a decided turn for the better in sentiment, owing to the entire success which attended the Trust Company of America in meeting one of the most remarkable runs of depositors in the history of Wall Street. The success was due not only to the fact that the bank itself took warning from an incipient run of Tuesday afternoon and gathered in \$12,000,000 in cash, but also to the careful pledges of any further assistance it needed which were made by bankers headed by Mr. Morgan's house late on Tuesday night, and announced at that time in order to make clear the determination to support the company in view of the withdrawals from it late on Tuesday.

Among those who attended the conferences at the office of J. P. Morgan & Co. in addition to the members of the committee of trust company Presidents were E. H. Harriman, H. C. Frick, E. H. Gary, Thomas F. Ryan, Paul Morton, James Stillman, Hamilton Fish, August Belmont, W. A. Nash, Otto T. Bannard, many other bankers, and the heads of many trust companies.

The Committee named by these men represents the most powerful Trust Company interests in the city. In their co-operation, it was generally admitted last night, there is given every needed assurance that the efforts inaugurated by Mr. Morgan yesterday to meet the present situation will prove eminently successful.

It was found impossible to obtain such support as this for the Knickerbocker Trust Company, when that company got into difficulties at the beginning of the week, but any company which can command the assistance of this Committee and of the vast resources it represents will be certain, it was thought by bankers last night, to be safe-guarded against any possible demands that may be made upon it.

While nothing to this effect was announced, it is believed that efforts will be made to make this a permanent organiza-

tion for uniting the trust companies at all times when concerted action is needed. At this moment it stands to the trust companies exactly as does the Clearing House Committee to the banks. These two central bodies are expected to work together and thus handle the entire banking situation.

The formal announcement following the conferences at Mr. Morgan's office made no reference directly to the assistance which had been accorded yesterday to the Trust Company of America, but it was clearly understood in banking quarters last night that it was under the auspices of the Committee of Five, co-operating with Mr. Morgan, that the pledges were made to the Trust Company of America which made it possible for leading bankers to predict last night that the company's position was assured. The success of the Trust Company of America yesterday in withstanding the demands made upon it was regarded as an object lesson of the company's strong position and went a long way toward reassuring the financial community not only of the company's solvency, but of its ability, with the help at its command, to meet any and all demands which might be made upon it.

E. H. Harriman, when he left the Morgan offices yesterday afternoon, was asked what comment he had to make on the situation. His reply was:

“This is the time for action—not for words.”

XIII

THURSDAY, OCTOBER TWENTY-FOURTH

From the *N. Y. Evening Telegram*

Financial stringency has struck the city government to such an extent that drastic measures have been decided on in order to keep the present administration on a sound financial basis.

It has been decided that all registration of contracts by the Finance Department shall be stopped for a time, that all contracts now under way for building shall be held up for an indeterminate period, and that the budget for 1908, instead of being \$145,000,000, as decided on Tuesday, shall not be more than \$138,000,000, the \$8,000,000 over the present budget being entirely mandatory increases.

The city found itself in such straits yesterday that instead of having \$20,000,000

remaining of the recent bond sale, which is necessary to run the city until spring, less than half the amount was on hand, and to get immediate ready money \$1,100,000 was borrowed on special revenue bonds from Mrs. Hetty Green, on the Chemical National Bank, at five and a half per cent.

City Chamberlain Quartin said there was only \$8,000,000 to \$10,000,000 on hand. The only way to get along, it has been decided, is to hold up as many bills as possible.

It developed that the city has \$250,000 in the Knickerbocker Trust Company, which it is unable to get. The Trust Company bought bonds for \$600,000 "over the counter" before the recent bond sale. Arrangement was made that, if purchased, the city should leave a portion of the money in the Trust Company. The city drew \$350,000 recently, and on Monday, having been advised of pending trouble, tried to draw the remainder. The Trust Company refused to allow the withdrawal.

When Comptroller Metz learned of the financial straits of the city he began to plan means to retrench. He was studying the problem when a messenger from Mrs. Hetty Green called and asked him if he

wished to sell any special revenue bonds. The offer was accepted immediately and \$1,100,000 was taken.

J. Pierpont Morgan and his associates sent \$25,000,000 to the Stock Exchange to be put out as call loans at ten per cent.

The stock market, in which call rates reached 100 per cent., closed strong, and prices advanced sharply.

The Trust Company of America continued to pay off excited depositors, and the close of the second day of the run left the company in a position to meet all further demands made upon it.

Creditors filed a petition in involuntary bankruptcy against the \$25,000,000 Southern Steel Company of Alabama, of which Moses Taylor, of this city, is president.

Standard Oil and United States Steel put out an aggregate of \$105,000,000 in aid of market.

John D. Rockefeller instructed his bankers and brokers to make all loans at six per cent. This action was taken to mean that the Standard Oil was prepared to provide millions for relief.

George B. Cortelyou, Secretary of the Treasury, deposited \$25,000,000 with New York banks, maintaining the supply of money at the Sub-Treasury by heavy

shipments of currency from Washington.

Excited depositors withdrew funds from the Lincoln Trust Company, Twenty-fifth Street and Fifth Avenue, and the Harlem Savings Bank, 124th Street and Third Avenue.

Clearing House Committee refused to make public debit balances of banks, fearing that publicity might result in unwarranted runs on solvent institutions.

Three Harlem banks, the Hamilton, Twelfth Ward and Empire City Savings Bank, with deposits which aggregate more than \$13,000,000, announced suspension of payment on deposits under the ninety-day notification clause of the banking laws. All assert they are solvent.

J. Pierpont Morgan and his associates this afternoon came to the rescue of a badly demoralized stock market with a \$25,000,000 pool, which was put out at call loans at ten per cent.

This vast amount of funds was available early in the last hour of trading, when the call loan rate was 100 per cent. and prices were crumbling on all sides.

The immediate effect was to arrest the heavy decline and start a feverish advance.

Mr. Morgan's \$25,000,000 was offered on the Stock Exchange following action

by John D. Rockefeller, which made him prominent as a reassuring factor in a greatly disturbed financial world.

He directed his bankers and brokers to make all loans at six per cent., four per cent. under the rate charged by the Morgan pool.

Mr. Rockefeller's action was taken to mean that he was prepared to lend the weight of the Standard Oil millions to aid in clearing a disastrous outlook.

This much-needed assistance came after it had been announced semi-officially that Standard Oil has \$55,000,000 in cash which is available for immediate use wherever it is most needed. Of this total \$30,000,000 already had been put out, it was said, and it was stated that the United States Steel Corporation had made \$50,000,000 cash available.

Leslie M. Shaw, formerly Secretary of the Treasury, now president of the Carnegie Trust Company, called on George B. Cortelyou, the present Secretary, at the Sub-Treasury.

As he was leaving he declared that the Trust Company of America could stand any demands made upon it by excited depositors.

This company saw the end of the second day's run, with plenty of cash still in the vaults, its officials declared, and they asserted that during the day there had been heavy deposits.

Mr. Shaw, discussing the trust company's position, said that four men, who had pledged themselves to stand behind the institution, would keep their word.

"Any one who would not give a reassuring word ought to be shot. Decidedly, the situation is clearing," said Mr. Shaw.

Edward H. Harriman, in the first public statement he has made upon the general financial situation, said:

"The foundation of our business enterprises is sound, and the fair treatment of such interests, and big and quick action on the part of the United States Treasury, will induce the return of money to its natural channels and relieve the situation."

Despatches from Birmingham, Ala., state that a petition in voluntary bankruptcy was filed against the \$25,000,000 Southern Steel Company of Alabama, of which Moses Taylor, of this city, is president.

Braving fatigue and in many cases standing in line from the time chill winds smote them in the early morning hours un-

til the closing hour this afternoon, thousands of depositors in the Trust Company of America, the Dollar Savings Bank and the Knickerbocker Trust Company, notwithstanding the fact that the last-named had closed its doors and held out no hope of early payment, continued their check book raid on the vaults of those institutions to-day.

Hours before the announcement that three banks in Harlem had suspended payment to-day their depositors swarmed to them, seeking their funds.

To add to the wave of popular attack on financial institutions, more than five hundred persons holding accounts with the Lincoln Trust Company swept into the doors of the company at No. 208 Fifth Avenue as fast as a police-formed line would permit.

Then, too, the Harlem Savings Bank, at Third Avenue and 124th Street, was besieged during the day by hundreds of small depositors, who grimly refused to be dissuaded from their demand that their money should be transferred to their pockets.

Five minutes before the closing hour the crowd threw moderation to the winds and tried to force their way into the Harlem Savings Bank.

Twenty policemen drew their clubs and by sheer force prevented their entry except in regular line.

Women's clothes were torn, their hats torn from their heads, and for a moment it appeared that some of them would be seriously injured.

The bank paid depositors steadily up to three o'clock, and then an official announced that payment would be resumed to-morrow at the regular time.

The closed institutions are the Twelfth Ward Bank, with headquarters at No. 147 East 125th Street, and branches at No. 173 East 116th Street and No. 1927 Third Avenue; the Empire City Savings Bank, at No. 231 West 125th Street, and the Hamilton Bank, at No. 215 West 125th Street, and branches at No. 2301 Seventh Avenue, at Third Avenue and 163d Street, Seventh Avenue and 135th Street, No. 1707 Amsterdam Avenue, No. 765 Tremont Avenue, in the Bronx, and another at Williamsbridge.

Weary, haggard of feature, yet inspired to endure all manner of discomfort in order to get their hoards, women formed a large proportion of the waiting lines. They wanted no explanations—they simply wanted to get their money into their hands.

The Twelfth Ward Bank, the Empire Savings Bank, and the Hamilton Bank, which did not even open for the day's business, were the scenes of complaining crowds in the early hours, who refused to go away.

Down at No. 43 Wall Street, the headquarters of the Trust Company of America, where payments were resumed promptly at ten o'clock, the scenes were most turbulent, perhaps on account of the large number of depositors, and also because of the proximity to the Stock Exchange and the presence of the crowds in the financial district.

As the day wore on, however, the line, although constantly growing, was orderly and patient. Reassuring bits of news of the situation were caught up and passed along in a sort of spirit of freemasonry which prevailed among the depositors.

At the Fifth Avenue Trust Company, Forty-third Street and Fifth Avenue, depositors were still drawing out their funds at noon. In line were about forty men and ten bank messengers and some forty women.

Vice-President Landale said that the company is solvent and has ample cash

on hand to satisfy all demands. He expressed no fear of the situation, and said that about a million and a half of dollars had been drawn out.

So insistent was the crowd to get into the Lincoln Trust Company and draw out their money that Mr. Louis Stern, vice-president of the institution, came out and made a short talk, asking that patience be shown, and saying that everyone could get his money.

By noon there were five hundred persons in line in Fifth Avenue. Two police sergeants stood at the entrance in the avenue; the Broadway entrance was closed.

Frank Tilford, president of the Lincoln Trust Company; George C. Boldt, of the Waldorf-Astoria, a director of the company, and Mr. Stern went personally among the depositors and endeavored to reassure them.

Depositors who wanted to withdraw \$1,000 or more were given checks on the First National Bank, instead of currency. The smaller depositors were paid in cash.

At three o'clock the Lincoln Trust Company stopped business for the day, with a crowd of three hundred depositors still waiting. Payment had progressed rather slower in the afternoon, but there was no

cessation, and the bank's officers said that it had enough cash on hand to continue at the same rate for a week.

There were thirty-five messengers from other banks. One of them had a check for \$300,000; the others were for amounts ranging around \$25,000.

A picture in a newspaper, labelled: "The Harlem Savings Bank," instead of "A Harlem Savings Bank," referring to a concern in trouble, is the reputed cause of a run on the Harlem Savings Bank, which began at the opening hour and assumed large numerical proportions this afternoon.

About five hundred persons were in line. Their demands were promptly met, the bank having \$300,000 in cash ready. The average accounts were small, being from \$50 to \$200.

Two hundred depositors were in line at an early hour and caused so much disturbance that the bank officials were forced to appeal to the police. Marshalling the crowd in a line, the reserves stood on guard while the depositors filed through the doors of the building to obtain their money.

While the excitement was at its height, before the arrival of the police, William E.

Trotter, president of the bank, elbowed his way through the crowd and told the depositors that there was no need for anxiety.

"We have \$300,000 in the paying teller's cage," he said. "This is more than we need. Every one of you can be paid off with the amount we have on hand."

There were one thousand persons in line when the doors of the Dollar Savings Bank opened, prepared for another day's run. The line extended around one entire block. The run was heavier than yesterday, and when some of the depositors were admitted by a rear door in Willis Avenue a small riot started, and it took police night-sticks to restore order.

Isaac F. Hopper, president of the Empire Savings Bank, said many depositors did not understand that a savings bank was allowed to keep on hand ten per cent. of its deposits only in cash. He said that whenever the sum on hand exceeded ten per cent. a bank was forced by the State authorities to invest it.

Everywhere depositors gathered there were scenes of sadness, but a touch of humor sometimes appeared to relieve the usual gloom.

Haggard faced men and women had in many instances waited all night for a chance to withdraw their deposits from the Trust Company of America, afraid to go to their homes and risk being so far back in the lines that they would not be able to get to the paying teller's window before the close of the business day.

Some huddled in nearby doorways in Wall Street and Broadway, seeking a fitful sleep of an hour or so. At daybreak a crowd of depositors was gathered in front of No. 43 Wall Street, the office of the Trust Company of America. Some of them had been in line since ten o'clock last night.

A similar scene was presented at the Colonial branch, No. 222 Broadway. Many of these had been disappointed in not being able to get out their money before the close of business yesterday and they were not going to take any chances.

The run on the Trust Company of America was continued and the paying tellers at both the Wall Street offices and the Broadway branch rapidly disbursed cash for checks at the rate of about one depositor a minute.

Inspector Burfeind with fifty policemen kept order in Wall Street. The crowd be-

came orderly when the Trust Company's doors swung open and the paying began.

To the Colonial branch a great amount of cash was taken in automobiles from the Mutual Bank, at Broadway and Thirty-third Street; the Union Trust Company, No. 425 Fifth Avenue, and the Pittsburg Trust Company. Bank officials also entered the bank with huge bags of money secured from other sources, and the sight cheered the line of depositors.

Before midnight a line reaching from the front door of the Colonial branch of the Trust Company of America stretched almost half a block down toward Nassau Street. Eight hours before the doors of the bank opened the crush had become so great that the reserves from three police stations were held in readiness to rush to the scene in case of disturbance.

Throughout the night a crowd of depositors, mostly women, remained in the rotunda of the main office of the Trust Company of America. More than a hundred were inside the building, crowding the place to its utmost capacity, while another crowd far larger gathered outside. Coffee and frankfurters were the only thing in the edible line that could be bought, and messenger boys and millionaires alike pur-

chased them from the vendors, who reaped a harvest.

XIV

FRIDAY, OCTOBER TWENTY-FIFTH

From the *N. Y. Times* of the 26th

The sagacious measures put into effect through the hearty co-operation of Secretary Cortelyou and the foremost bankers of this city, headed by J. P. Morgan, brought sterling results again yesterday, these, including the meeting of the unmistakably waning demands upon the Trust Company of America, putting an end to the money stringency on the Stock Exchange, where prices shot forward in token of its relief, and, most important of all, the long stride toward the return of public confidence in the city's banking institutions, which Secretary Cortelyou himself said on Wednesday night was so completely warranted.

As a promise of further relief it was made known last night that the National City Bank has under way negotiations for the importation on Monday of \$5,000,000 gold from London. Another bank

plans to import \$1,000,000 additional. These imports are being arranged without Treasury aid.

At the end of the day Mr. Cortelyou expressed himself as so satisfied with results that he would have no statement of any kind to make later at his hotel. He added that he meant to take a "good long walk in the open air" to enjoy his satisfaction properly. These "walks" are famous in Washington.

It was also announced that no other conferences of importance were to be held uptown, no reasons existing for the calling of such conferences. All of this the financial community considered a most excellent indication of the easier condition of affairs.

State Controller Glynn was in conference last evening with Secretary Cortelyou at the Hotel Manhattan. Their talk was reported to have had reference to the part taken in the relief measures by Controller Glynn, who has transferred a large amount of State funds to this city.

Several small banking institutions, several in this city, but a larger number in Brooklyn, found it expedient to suspend business temporarily, but this, as William A. Nash of the Clearing House Committee

pointed out, was not disturbing, since their action was due to a dearth of cash and not assets, a fact which indicates their solvency and consequent resumption later.

Recognizing the wholly unreasoning attitude which a certain class—largely foreign—of their depositors might take, the savings institutions of the city decided to take advantage of the law which permits them to require from sixty to ninety days' notice from depositors intending to withdraw accounts. The enforcement of this rule against individual deposits will be left, however, in the discretion of each bank and it will probably not be applied where depositors wish to withdraw \$100 or less, the idea being to continue to provide promptly for the needs of small depositors while protecting these and the depositories of the savings banks from wholesale withdrawals of the larger accounts.

Both the temporary suspension of business by the small banks and the notice requirement of the savings institutions will work to relieve the money situation. The demands of the banks included cease absolutely, while the savings institutions are saved from the necessity of with-

drawing their substantial deposits from the powerful banks of the city to meet senseless demands when the money is of real use elsewhere.

The additional relief of the money situation promised as the result of a big break in the foreign exchange market early in the day, rates declining to a point making importations of gold from London profitable, was a matter of satisfaction to the financial community. It lies within the power of Secretary Cortelyou to assist imports by making immediate deposits of Government money with importing banks equal to their engagements. This step, adopted at the time of the San Francisco earthquake by Secretary Shaw, really saved the banks' interest, otherwise lost, on gold in transit. Exchange has declined to such a low level, however, that we are now in a position to arrange gold imports without Treasury aid.

All these developments were the subjects of discussion at various gatherings yesterday of the men who have the situation in hand. There were two meetings of the Clearing House Committee, the usual morning session and a further gathering in the afternoon, when the day's

events in the banking field were carefully canvassed. It was decided to form another money pool to relieve the demands from brokers. Where \$25,000,000 was ready to hand on Thursday, however, \$12,000,000 was more than enough yesterday.

Many bankers and business men visited Mr. Morgan at his office in the course of the day. The Trust Company Committee of Five met and then went over the situation, arranging to meet any requests made, and placing at the disposal of the Trust Company of America, some \$4,000,000. Secretary Cortelyou, who again made his headquarters at the Sub-Treasury, was kept informed of the results of these conferences, and himself watched carefully the course of affairs.

On the Stock Exchange prices displayed some uncertainty in the fore part of the day, but gained strength by noon, and rose vigorously from that time until the close. Brokers easily provided for their wants from the pool money, especially so because there was a combined effort on the part of all Stock Exchange houses to limit their business to strictly investment buying, and necessary sales and marginal operations were frowned upon to an unusual degree.

Not the least encouraging incident of the day was the volume of orders which poured in upon the banks from out of town, particularly to buy the better class of securities, obviously for investment. One bank had more than fifty such buying orders and only three orders to sell.

Despite the assurances from all sides, many depositors of the Trust Company of America and its branch, the Colonial Trust Company, continued yesterday to display signs of timidity. All day long there was a line of waiting men and women before the doors of each institution. The lines, however, were much shorter than those of the day before and not to be compared with the crowd that besieged the two trust companies on Wednesday.

Oakleigh Thorne, President of the company, said to a TIMES reporter after the doors had been closed for the day that about \$2,000,000 had been paid out during the day.

Of that amount, however," he added, "only \$147,000 was paid in cash; the rest went in certified checks on exchanges."

"How much did you pay out on Thursday?" was asked.

"About \$9,100,000."

“ What aid did you receive from outside institutions to-day? ”

“ Well, I got in all the money I could,” replied Mr. Thorne, smiling, and hurried away.

George R. Sheldon, a Director, said soon afterward:

“ We have stood up for three days now and we will stand up again to-morrow.”

Accounts varied as to the amount of aid given to the trust company yesterday. A supposedly authoritative statement, however, was that the Union Trust Company had turned over \$4,300,000 through the Sub-Treasury, and it was generally understood that the Hanover Bank had deposited the securities for the cash with the Government. Whatever the amount was, it was carried into the Trust Company of America offices at 39 Wall Street early in the day in large bags. One of these bags was so heavy that it took four men to carry it, and they didn't appear to have a very easy time. It was said to contain \$500,000 in gold, and this statement was borne out by the fact that several of those withdrawing large sums during the day were paid in gold.

SATURDAY, OCTOBER TWENTY-SIXTH

From the *N. Y. Times* of the 27th

The further measures taken yesterday looking toward the clearing up of the banking situation in this city included the decision of the Clearing House Association to issue Clearing House Certificates, by means of which balances between banks will be settled without the use of cash, this being left free for commercial purposes, and the immediate engagement of \$6,000,000 gold in London and Paris, a supply which will be added to at once by further importations.

President Roosevelt's congratulatory letter to Secretary Cortelyou, made public last night, with its declaration of the President's faith in the soundness of underlying conditions in this country and of his confidence in the ability of those in charge of affairs in this city, was looked upon as an important contribution to the measures of the day.

At the Clearing House meeting steps were taken which will undoubtedly end in

an offering of the privileges of membership to trust companies and their acceptance by several of these institutions.

The Clearing Houses of Philadelphia and Pittsburg have already decided to follow the lead of this city in the plan of issuing certificates, and as other important cities are expected to do so to-morrow, the pressure upon all money markets will be correspondingly diminished.

There was a notable waning of the movement to withdraw deposits from several institutions, particularly in the case of the Trust Company of America and the Lincoln Trust Company, denoting a return to calmness on the part of depositors, and Superintendent of Banking, Clark Williams, said that several of the State banks which suspended temporarily had already begun a movement looking to their rehabilitation, if the legal steps could be arranged.

The Stock Exchange accepted the bank statement, showing a substantial loss in reserves, only as indicating the extent of the money relief extended by the banks through the week. Business was again restricted practically to a cash basis, and brokers received thankfully a voluntary reduction from 50 to 30 per cent. on the loans made on Friday.

At the end of the day affairs had made such satisfactory progress that the bankers in charge of their conduct came to the conclusion that night conferences up-town were unnecessary. Several of the leaders, along with Secretary Cortelyou, who decided that things were in such good shape here that he had better go back to Washington and catch up with the work that has been piling up there, made statements summing up the situation as it appears to them.

Mr. Morgan urged the importance of realizing that withdrawal of funds and their hoarding were the things most to be avoided at this moment. James Stillman, President of the National City Bank, paid tribute to the work of Secretary Cortelyou and Mr. Morgan, which he said had proved the soundness of Clearing House banks, and Vice-President Vanderlip, of the City Bank, told of the measures under way to bring in gold, and urged a return to financial sanity.

Clark Williams, the State Superintendent of Banking, made this statement regarding the State banks:

“The information reported to the State Banking Department to-day indicates that the improvement in financial circles is continuing. The general appearance of this

improvement is well illustrated by the fact that the directors of various banking corporations, which during the last few days have announced their suspension, have to-day reported to the Banking Department that they desire, if they lawfully may, to undertake to rehabilitate the various institutions."

Mr. Williams did not care to say what institutions these were, in justice to other suspended institutions from which he had not yet heard of possible intentions for rehabilitation.

Among bankers there was general praise of the control which Stock Exchange houses again exercised over speculation. A determined effort was made by practically all the firms of standing to minimize in this way the demands of the stock market for money.

Actual trading was held down to some 235,000 shares, not much above the business usually transacted on a midsummer half holiday. Prices were steady and closed, in many instances, somewhat above the figures of Friday night.

One incident of the day on the Exchange which was well received was the notification sent around to brokers by a number of banks, including the First National, that rates on loans made on Friday,

which usually carry over to Monday unchanged, had been reduced from the 50 per cent. then charged to 30 per cent. The explanation offered was the more cheerful condition of affairs. The issue of Clearing House certificates was also liked on the floor, and the feeling was general that the situation was fast clearing up.

The bank statement was looked upon as reflecting simply the freedom with which the larger banks had dipped into their reserves during the week to relieve the pressure elsewhere.

Increased by \$10,864,000 in loans and \$12,900,000 in cash represented the money used for this purpose, and also the withdrawals by out-of-town banks. The surplus a week ago was \$11,182,000, and the decrease reported yesterday brought about a deficit of \$1,233,000.

A number of banks were below the 25 per cent. mark, but those banks which dropped there in the work of helping out in the week's programme came in only for praise.

Bancroft Library

As a measure of precaution, the purpose of which is to release for the use of their depositors funds which the banks with debits at the Clearing House have had to use to effect the exchanges, the New York Clearing House Association, at a special

meeting called for the purpose, decided yesterday to issue Clearing House certificates for use among the banks.

This action was taken shortly before noon yesterday at a meeting of the association which had been called by the Clearing House Committee, which had met earlier in the day.

Owing to the present scarcity of cash it has been found inconvenient by the banks to use their available funds for the purpose of effecting the exchanges at the Clearing House, and the step taken yesterday is expected to go a long way toward relieving this situation. These Clearing House certificates will circulate, of course, only among the banks, leaving the banks' cash free for public use. The meeting of the Clearing House Committee early yesterday was attended, not only by the members of the committee itself, but also by James Stillman, President of the National City Bank, and by several other leading bankers.

It was at this meeting that the advisability of issuing certificates was gone over and the decision reached to submit the question to the Clearing House Association itself. Notices of the meeting were immediately sent out, and shortly before

noon the association voted unanimously for the Clearing House certificate plan.

Much favorable comment was heard in the financial district regarding the decision to issue certificates. The practical effect of these certificates, it was pointed out, is to make the securities held by the banks available for the settlement of the Clearing House obligations. This, in effect, is the result of the issuance of certificates, for these are secured by the deposit with the Clearing House of securities approved by the committee, and against which certificates are supplied to the banks to the extent of 75 per cent. of the value of the securities deposited with the Clearing House.

CHICAGO, Oct. 26.—At a meeting of the Clearing House to-day it was decided to issue Clearing House certificates. The action was unanimous. It was stated that the action was taken to prevent an undue drain on the cash balances of the Chicago banks involved, according to members of the committee, who say that none of the Chicago banks has asked for or needs assistance.

The meeting was attended by a committee from the Milwaukee Clearing

House Association, who informed the Chicago bankers that similar action is to be taken in Milwaukee to-morrow.

A committee consisting of J. B. Forgan, President of the First National Bank; J. J. Mitchell, President of the Illinois Trust and Savings Bank, and E. A. Potter, President of the American Trust and Savings Bank, was appointed to draw up the new rule and official statement of the action. The statement in part follows:

“Following the action of the New York Clearing House Association, the members of the Chicago Clearing House Association met to-day to discuss the situation.

“In the interest of depositors and the public, and as a basis of immediate general assistance, the Clearing House resolved to issue Clearing House certificates and also resolved that savings banks should require from their depositors the notice provided for in connection with such accounts.

“The immediate result of the existing stringency is due to conditions not local to Chicago. The Clearing House banks in New York City have concluded to issue Clearing House certificates, while the large savings banks there have also put the rule requiring notice of withdrawals

in force. The Clearing Houses of other cities in session have taken similar action. While there has been no unusual demand as yet upon the Chicago banks this course, in view of the general conditions prevailing elsewhere, seems the wisest to pursue.

“The effect will be that banks will be enabled to adjust their balances between themselves with certificates, while the actual currency in the banks will be reserved for imperative needs. * * *

“It is believed that this course is only temporary and that the general situation will soon clear so that normal conditions will prevail. The Chicago banks are in exceptionally strong position. No one needs any relief; but if some such course were not adopted the currency in this city would be unduly drawn upon for other communities.”

ST. LOUIS, Oct. 26.—The St. Louis Clearing House to-night decided by an unanimous vote, to issue Clearing House certificates.

The Mercantile, the St. Louis Union, the Mississippi Valley, and the Commonwealth Trust Companies, all members of the Clearing House, concluded to require depositors to give from thirty to sixty

days' notice for the withdrawal of savings deposits.

The action of the Clearing House has two aims in view. The first is to take precautions against the concentration of demands of outside cities and territories in St. Louis.

The second is to assure the public of St. Louis and environs that the local institutions are strong and united for safeguarding the interests of business institutions and depositors. William H. Lee, President of the Merchants' Laclede National Bank and President of the Clearing House, gave out the following statement regarding the action of the Clearing House:

CLEVELAND, Ohio, Oct. 26.—The report from New York that the Cleveland Clearing House Association would at the request of the New York Clearing House Association issue Clearing House certificates in settlement of balances between the banks was stated to be without foundation this evening.

Both Charles L. Murfey, President of the Cleveland Association, and Thomas H. Wilson, Chairman of the Clearing House Committee, stated that no such re-

quest had been received, and that there is no present necessity for issuing Clearing House certificates. The situation here, bankers say, is in such good shape that they will not be needed.

CINCINNATI, Oct. 26.—W. D. Duble, manager of the Cincinnati Clearing House, said to-night that the Cincinnati Clearing House was not to issue certificates so far as he was aware. The banking situation here is normal.

BALTIMORE, Oct. 26.—The Executive Committee of the Baltimore Clearing House has under consideration the advisability of issuing loan certificates similar to those issued by the New York Clearing House. President Homer of the Baltimore Clearing House, beyond admitting that the matter was under consideration, declined to discuss it. Bankers say that if the certificates are issued it will be as a matter of convenience rather than of necessity.

Special to the New York Times

PHILADELPHIA, Oct. 26.—Following the action of the New York Clearing House on Friday in authorizing the issu-

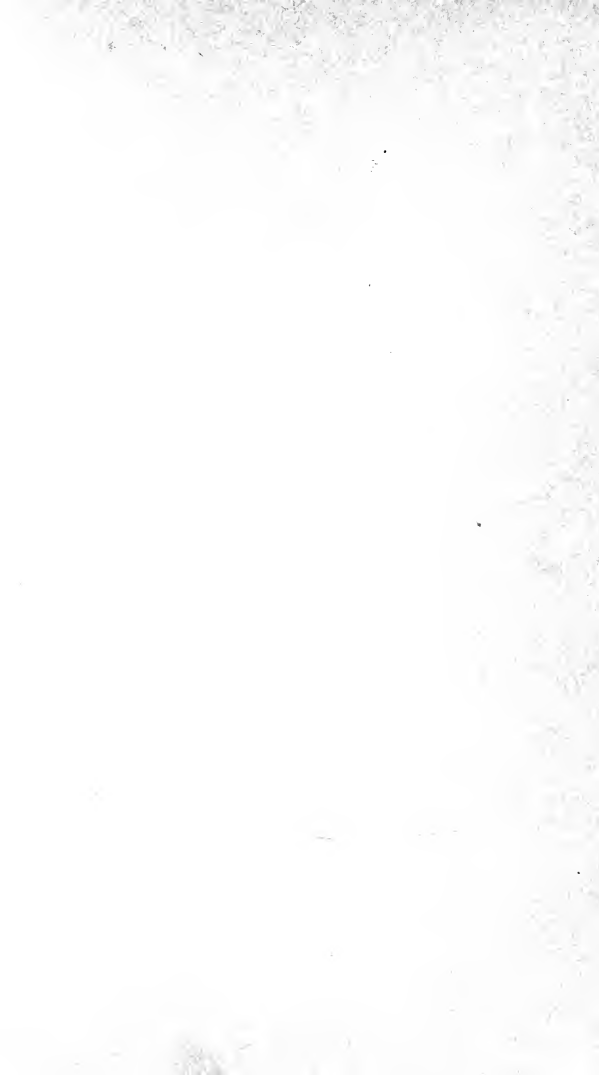
ance of Clearing House certificates, the Philadelphia Clearing House to-day pursued a similar method of protecting the currency reserves of the local banks.

BOSTON, Oct. 26.—A meeting of the Boston Clearing House Association has been called for 9.30 o'clock Monday morning to consider the question of issuing Clearing House certificates during the present money stringency.

Boston bankers took the initiative, it is understood, without a request from the New York Clearing House, as was at first reported. Though none of the members of the association would commit themselves to-night, it was generally understood among them that certificates would probably be issued, though banks here as yet experienced no acute stringency, and are said to be in an exceptionally strong position.

The Boston Clearing House Association issued certificates the last time the New York Clearing House Association resorted to them in 1893. Several of the influential bankers went to New York this afternoon to get a better insight into the situation there.





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